

Town of Narragansett

GASB 75 OPEB Valuation Report Measured as of June 30, 2024 for Disclosures for the Fiscal Year Ending June 30, 2024

October 3, 2024



11750 Atwood Road
Auburn, California 95603
t: (415) 801-5987 f: (415) 358-8500
www.PrecisionActuarial.com



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Auburn, California 95603
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(415) 801-5987

October 3, 2024

Christine Wilson
Finance Director
Town of Narragansett
25 Fifth Avenue
Narragansett, Rhode Island 2882

Re: Town of Narragansett GASB 75 OPEB Plan Valuation Report Measured as of June 30, 2024

Dear Ms. Wilson:

At your request, we completed an actuarial valuation of the retiree health and welfare benefits valued as of June 30, 2023, and measured as of June 30, 2024, for the Town of Narragansett. This is a roll-forward valuation. Please use the information in this report for your financial statements for the fiscal year ending June 30, 2024. This valuation is based on input from the Town, as well as our understanding of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (GASB 75).

We greatly appreciate your business. If you have any questions, please feel free to call us at (415) 801-5987.

Best Regards,

A handwritten signature in blue ink that reads "Roger T. Burton".

Roger T. Burton, FSA, MAAA, FCA

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Purpose of the Report

Precision Actuarial prepared this report to meet employer financial accounting requirements under GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” (GASB 75), issued in June 2015, as amended by GASB Statement No. 85. This report includes information with respect to the obligation to provide future retiree health and welfare benefits for the fiscal year ending June 30, 2024.

Valuation Date: June 30, 2023

Measurement Date: June 30, 2024

Report Date: June 30, 2024

Application to Financials

This report provides assets, liabilities, and expenses for use in the Town's 2024 financial reports.

The Town should use the liabilities, assets, and expense measured as of June 30, 2024, for its financial statements for the year ending June 30, 2024.

Update procedures were used to roll the total OPEB liability forward to the measurement date.

The report also provides the actuarially determined contributions for funding purposes to be made in the fiscal years ending June 30, 2024 and 2025.

Changes Since the Prior Valuation

This valuation is a roll-forward of the valuation produced for the prior fiscal year. We updated:

- Benefit payments
- Contributions
- Assets

Statement on Future Measurements

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic 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 or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

Executive Summary

Overview

Actuarial Certification

Our determinations reflect the provisions and methods prescribed by GASB 75. In preparing this report, we relied on assets, employee census, plan design, administrative fees, and demographic assumptions provided directly or indirectly by the plan sponsor. We did not attempt to verify that the community-rated premium rates represent the true cost of claims and administrative fees.

We based the results in this report on this information, along with the actuarial assumptions and methods used herein. In our opinion, the assumptions used represent reasonable expectations of anticipated plan experience. We reviewed the census information for reasonableness, but we did not audit it.

Actuarial computations under GASB 75 fulfill employer accounting and financial reporting requirements. The calculations are consistent with our understanding of GASB 75. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results in our report. Accordingly, additional determinations may be necessary for other purposes, such as judging benefit security at termination.

It is our professional judgment that the combined effect of the assumptions and methods applied in developing this report, other than those prescribed, set by law, or that we did not select and are unable to assess for reasonableness for the purpose of the measurement, is expected to have no significant bias on the results.

We measured the plan's benefit obligations in this valuation using the appropriate methods prescribed by GASB and Actuarial Standards of Practice. We measured the plan's assets using the market value. The funded status measure reflects the comparison of plan assets to obligations. The funded status measure is appropriate for assessing the sufficiency of the plan's assets to cover the estimated cost of settling the plan's benefit obligations. The funded status measure shows what percentage of the plan's benefit obligations are covered by the plan's assets. The measure is also appropriate for assessing the need for, or amount of, future contributions, as those amounts are recalculated periodically to reflect updates in the obligations and assets.

No third-party recipient of Precision Actuarial's work product should rely solely on Precision Actuarial's work product. Any third-party recipient should engage qualified professionals for advice appropriate to their own needs.

There is no relationship between Precision Actuarial, its owners, subcontractors, or staff; GovInvest; or the Town of Narragansett beyond the contractual services that we perform for the Town of Narragansett.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, the report is complete and accurate and that we prepared it in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable "Actuarial Standards of Practice" and "Actuarial Compliance Guidelines" as promulgated by the American Academy of Actuaries.

The undersigneds are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Roger T. Burton, FSA, MAAA, FCA
Chief Actuary



E. Scott Lanham, FSA, MAAA, FCA, EA
Senior Consulting Actuary

Executive Summary

Accounting Summary

A summary of the key valuation results follows.

	<i>Prior Report</i>	<i>Current Report</i>
Valuation Date:	June 30, 2023	June 30, 2023
Measurement Date:	June 30, 2023	June 30, 2024
Report Date:	June 30, 2023	June 30, 2024
Present Value of Future Benefits (PVFB)		
Active Employees	\$ 23,530,076	\$ 23,560,215
Retirees	+ 30,819,633	+ 31,626,097
Total Present Value of Future Benefits	= 54,349,709	= 55,186,312
Present Value of Future Normal Costs (PVFNC)	- 9,870,140	- 9,542,837
Total OPEB Liability (TOL)	= \$ 44,479,569	= \$ 45,643,475
OPEB Liability		
Active Employees	\$ 13,659,936	\$ 14,017,378
Retirees	+ 30,819,633	+ 31,626,097
Total OPEB Liability (TOL)	= 44,479,569	= 45,643,475
Fiduciary Net Position (FNP)	- 16,425,110	- 19,542,477
Net OPEB Liability (NOL)	= \$ 28,054,459	= \$ 26,100,998
Plan FNP as a Percentage of the TOL	36.93%	42.82%
Plan FNP as a Percentage of the PVFB	30.22%	35.41%
Covered Payroll	\$ 12,415,733	\$ 13,743,471
Net OPEB Liability as a Percentage of Covered Payroll	225.96%	189.92%
Measurement Period:	2022-2023	2023-2024
Reporting Period:	2022-2023	2023-2024
Expense	\$ 2,723,799	\$ 2,962,533
Actuarially Determined Contribution (ADC)*	3,391,580	3,385,240

Net Position Chart (NOL not shown if ≤ 0)



*The Actuarially Determined Contribution includes the implicit subsidy. It is not the amount that the Town contributes directly to the fund. See page 17 for the Town's direct contribution.

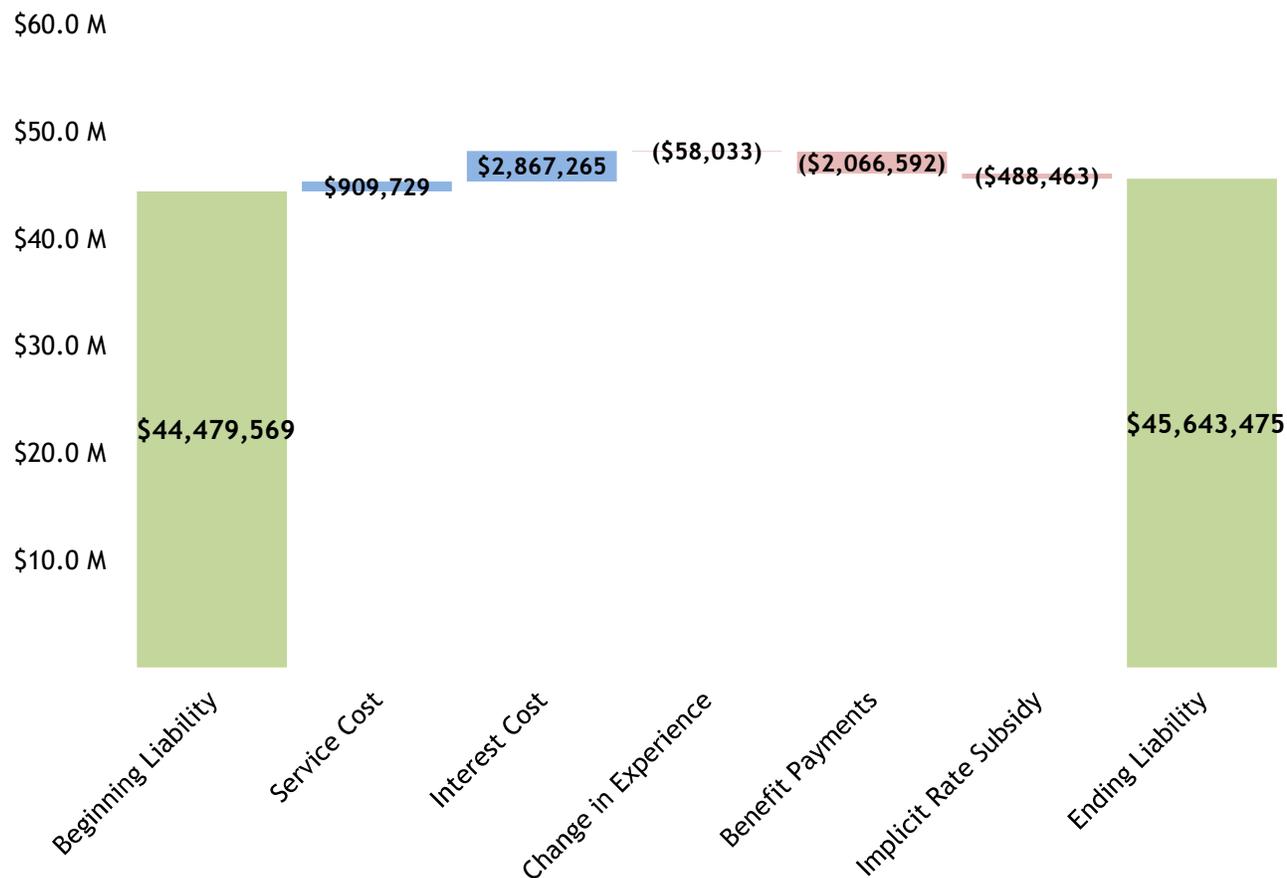
Executive Summary

Reconciliation of the Change in the Total OPEB Liability

A detailed reconciliation of the changes to the Total OPEB Liability since the prior valuation report follows.

Total OPEB Liability as of Measurement Date June 30, 2023 / Report Date June 30, 2023	\$ 44,479,569
Service Cost	909,729
Interest Cost	2,867,265
Differences Between Expected and Actual Experience	(58,033)
Benefit Payments	(2,066,592)
Implicit Subsidy Credit	(488,463)
Total OPEB Liability as of Measurement Date June 30, 2024 / Report Date June 30, 2024	\$ 45,643,475

Reconciliation of the Change in the Total OPEB Liability



Accounting Information

Statement of Fiduciary Net Position

Measurement Date: June 30, 2024

Report Date: June 30, 2024

Assets

Cash and Deposits	\$	-
Securities Lending Cash Collateral		-
Total Cash		-
Receivables:		
Contributions		-
Due from Broker for Investments Sold		-
Investment Income (Interest on Investments)		-
Other		-
Total Receivables		-
Investments:		
Domestic Fixed Income Securities		-
Domestic Equities		-
Investment Funds		19,542,477
International Equities		-
Real Estate		-
Total Investments		<u>19,542,477</u>
Total Assets	\$	<u>19,542,477</u>

Liabilities

Payables:

Investment Management Fees	\$	-
Due to Broker for Investments Purchased		-
Collateral Payable for Securities Lending		-
Other		-
Total Liabilities	\$	-

Net Position Restricted for Postemployment Benefits Other than Pensions \$ 19,542,477

Accounting Information

Statement of Changes to the Fiduciary Net Position

	Measurement Date: Report Date:	June 30, 2023 June 30, 2023	June 30, 2024 June 30, 2024
Additions			
Investment Income:			
Net Appreciation in the Fair Value of Investments		\$ 1,131,253	\$ 1,800,274
Interest and Dividends		-	-
Less Investment Expense, Other than from Securities Lending	-	-	-
Net Income from Investing, Other than from Securities Lending		1,131,253	1,800,274
Securities Lending Income		-	-
Less Securities Lending Expense	-	-	-
Net Income from Securities Lending		-	-
Other Income/(Expense)		30,695	30,433
Net Investment Income (a)		1,161,948	1,830,707
Contributions:			
Employer – Town's Contributions		3,748,392	3,369,790
Employer – Implicit Subsidy		524,192	488,463
Total Contributions (b)		4,272,584	3,858,253
Total Additions (c) = (a) + (b)		5,434,532	5,688,960
Deductions			
Benefit Payments		1,985,318	2,066,592
Implicit Subsidy Credit		524,192	488,463
Administrative Expense		11,750	16,538
Total Deductions (d)		2,521,260	2,571,593
Net Increase in Net Position = (c) – (d)		2,913,272	3,117,367
Net Position Restricted for Postemployment Benefits Other than Pensions			
Beginning of Year		13,511,838	16,425,110
Net Increase in Net Position		2,913,272	3,117,367
End of Year		\$ 16,425,110	\$ 19,542,477

Accounting Information

Changes in the Net OPEB Liability

The funded status of the Plan as of the fiscal year-end, as well as other required disclosure information, follows.

	<i>Increase / (Decrease)</i>		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) – (b)
Balance as of:			
Measurement Date June 30, 2023 /			
Report Date June 30, 2023	<u>\$ 44,479,569</u>	<u>\$ 16,425,110</u>	<u>\$ 28,054,459</u>
Changes for the year:			
Service Cost	909,729		909,729
Interest	2,867,265		2,867,265
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	(58,033)		(58,033)
Changes of Assumptions	-		-
Net Investment Income		1,800,274	(1,800,274)
Contributions			
Employer – Town's Contributions		3,369,790	(3,369,790)
Employer – Implicit Subsidy		488,463	(488,463)
Benefit Payments	(2,066,592)	(2,066,592)	-
Implicit Subsidy Credit	(488,463)	(488,463)	-
Administrative Expense		(16,538)	16,538
Other Changes	-	30,433	(30,433)
Net Changes	<u>1,163,906</u>	<u>3,117,367</u>	<u>(1,953,461)</u>
Balance as of:			
Measurement Date June 30, 2024 /			
Report Date June 30, 2024	<u>\$ 45,643,475</u>	<u>\$ 19,542,477</u>	<u>\$ 26,100,998</u>

Accounting Information

Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2024 / Report Date June 30, 2024

Deferred Outflows and Inflows of Resources Arising from Differences Between Expected and Actual Experience

Measurement Date — June 30:	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2024 (c)	Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2017	\$ 658,887	\$ -	\$ 658,887	\$ -	\$ -
2018	-	(2,686,363)	(2,686,363)	-	-
2019	-	(1,110,915)	(1,110,915)	-	-
2020	-	(1,463,284)	(1,219,405)	-	(243,879)
2021	1,285,730	-	857,152	428,578	-
2022	-	(5,396,745)	(3,238,047)	-	(2,158,698)
2023	-	(1,883,725)	(753,490)	-	(1,130,235)
2024	-	(58,033)	(10,950)	-	(47,083)
Total				\$ 428,578	\$ (3,579,895)

Deferred Outflows and Inflows of Resources Arising from Changes in Assumptions

Measurement Date — June 30:	Increase in Total Liability (a)	Decrease in Total Liability (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2024 (c)	Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2017	\$ 1,293,986	\$ -	\$ 1,293,986	\$ -	\$ -
2018	-	(1,943,284)	(1,943,284)	-	-
2019	-	(1,238,106)	(1,238,106)	-	-
2020	-	-	-	-	-
2021	5,032,190	-	3,354,792	1,677,398	-
2022	2,264,623	-	1,358,775	905,848	-
2023	1,368,227	-	547,290	820,937	-
2024	-	-	-	-	-
Total				\$ 3,404,183	\$ -

Accounting Information

Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2024 / Report Date June 30, 2024

Deferred Outflows and Inflows of Resources Arising from Differences Between Projected and Actual Earnings on Investments

Measurement Date – June 30:	Investment Earnings Less Than Projected (a)	Investment Earnings Greater Than Projected (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2024 (c)	Deferred Outflows of Resources (d) = (a) – (c)	Deferred Inflows of Resources (e) = (b) – (c)	Net (f) = (d) + (e)
2017	\$ -	\$ -	\$ -	\$ -	\$ -	
2018	-	-	-	-	-	
2019	259,811	-	259,811	-	-	
2020	462,862	-	462,862	-	-	
2021	-	(960,389)	(768,312)	-	(192,077)	
2022	2,621,221	-	1,572,732	1,048,489	-	
2023	-	(227,657)	(91,062)	-	(136,595)	
2024	-	(689,836)	(137,968)	-	(551,868)	
Total				\$ 1,048,489	\$ (880,540)	\$ 167,949

Accounting Information

Expense and Deferred Outflows and Inflows

	Measurement Period: Reporting Period:	2022-2023 2022-2023	2023-2024 2023-2024
Expense			
Service Cost	\$	781,429	\$ 909,729
Interest on Total OPEB Liability		2,823,965	2,867,265
Changes of Benefit Terms		-	-
Recognized Differences Between Expected and Actual Experience		(1,707,870)	(1,496,637)
Recognized Changes of Assumptions		1,317,646	1,565,268
Projected Earnings on OPEB Plan Investments		(934,291)	(1,110,438)
Recognized Differences Between Projected and Actual Earnings		431,170	241,241
Administrative Expense		11,750	16,538
Other Miscellaneous (Income)/Expense		-	(30,433)
Total Expense	\$	2,723,799	\$ 2,962,533

	Report Year Ending June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 428,578	\$ (3,579,895)
Changes of Assumptions	3,404,183	-
Net Difference Between Projected and Actual Earnings on Plan Investments	167,949	-
Total	\$ 4,000,710	\$ (3,579,895)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Report Year Ending June 30:	Amount
	2025	\$ 217,301
	2026	653,260
	2027	(297,549)
	2028	(148,914)
	2029	(3,283)
	Remaining	-

Accounting Information

Interest on the Liability and Earnings, and Investment Gain/Loss

For the report year ending June 30, 2024

	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total OPEB Liability (d) = (a) × (b) × (c)
Interest on Total OPEB Liability				
Beginning Total OPEB Liability	\$ 44,479,569	100%	6.50%	\$ 2,891,172
Service Cost	909,729	100%	6.50%	59,132
Benefit Payments	(2,066,592)	50%	6.50%	(67,164)
Implicit Subsidy	(488,463)	50%	6.50%	(15,875)
Total Interest on Total OPEB Liability				<u>\$ 2,867,265</u>

	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (d) = (a) × (b) × (c)
Projected Earnings on Plan Investments				
Beginning Plan Fiduciary Net Position excluding Receivables	\$ 16,425,110	100%	6.50%	\$ 1,067,632
Employer Contributions	1,303,198	50%	6.50%	42,354
Benefit Payments from Trust	-	50%	6.50%	-
Administrative Expense	(16,538)	50%	6.50%	(537)
Other Miscellaneous Income/ (Expense)	30,433	50%	6.50%	989
Total Projected Earnings (Investment Expense)				<u>1,110,438</u> <u>-</u>
Net Projected Earnings				<u>\$ 1,110,438</u>

	Amount
Investment Gain / Loss	
Net Projected Earnings	\$ 1,110,438
Actual Net Earnings	- 1,800,274
Investment (Gain) / Loss	<u>\$ (689,836)</u>

Accounting Information

Reconciliation of Expense

	Asset / (Liability)			Deferred Outflows / (Inflows)				Expense / (Credit)	Asset / (Liability)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) + (b)	Differences Between Expected and Actual Experience (d)	Changes in Assumptions (e)	Differences Between Projected and Actual Earnings on Investments (f)	Net Deferrals (g) = Σ[(d):(f)]	Expense (h)	Impact on the Statement of Net Position (i) = (c) + (g) - (h)
Balance as of:									
Measurement Date June 30, 2023 / Report Date June 30, 2023	\$ (44,479,569)	\$ 16,425,110	\$ (28,054,459)	\$ (4,589,921)	\$ 4,969,451	\$ 1,099,026	\$ 1,478,556		\$ (26,575,903)
Service Cost	(909,729)		(909,729)					909,729	
Interest on Total OPEB Liability	(2,867,265)		(2,867,265)					2,867,265	
Changes of Benefit Terms	-		-					-	
Differences Between Expected and Actual Experience	58,033		58,033	(58,033)			(58,033)		-
Changes in Assumptions	-		-		-		-		-
Differences Between Projected and Actual Earnings on Investments		689,836	689,836			(689,836)	(689,836)		-
Projected Earnings on OPEB Plan Investments		1,110,438	1,110,438					(1,110,438)	-
Contributions									
Employer – Town's Contribution		3,369,790	3,369,790						3,369,790
Employer – Implicit Subsidy		488,463	488,463						488,463
Benefit Payments	2,066,592	(2,066,592)	-						-
Implicit Subsidy Credit	488,463	(488,463)	-						-
Administrative Expense		(16,538)	(16,538)					16,538	
Other Income/(Expense)		30,433	30,433					(30,433)	
Recognition of Differences Between Expected and Actual Experience				1,496,637			1,496,637	(1,496,637)	
Recognition of Changes in Assumptions					(1,565,268)		(1,565,268)	1,565,268	
Recognition of Differences Between Projected and Actual Earnings on Investments						(241,241)	(241,241)	241,241	
Annual Expense	<u>(1,163,906)</u>	<u>3,117,367</u>	<u>1,953,461</u>	<u>1,438,604</u>	<u>(1,565,268)</u>	<u>(931,077)</u>	<u>(1,057,741)</u>	\$ 2,962,533	<u>(2,962,533)</u>
Net Change	<u>(1,163,906)</u>	<u>3,117,367</u>	<u>1,953,461</u>	<u>1,438,604</u>	<u>(1,565,268)</u>	<u>(931,077)</u>	<u>(1,057,741)</u>		<u>895,720</u>
Balance as of:									
Measurement Date June 30, 2024 / Report Date June 30, 2024	\$ (45,643,475)	\$ 19,542,477	\$ (26,100,998)	\$ (3,151,317)	\$ 3,404,183	\$ 167,949	\$ 420,815		\$ (25,680,183)

Accounting Information

Impact on the Statement of Net Position

Impact on the Statement of Net Position

	Measurement Date: Report Date:	June 30, 2023 June 30, 2023	June 30, 2024 June 30, 2024	Change During Period
Total OPEB Liability / (Asset)	\$	44,479,569	\$ 45,643,475	\$ 1,163,906
Fiduciary Net Position		16,425,110	19,542,477	3,117,367
Net OPEB Liability / (Asset)		<u>28,054,459</u>	<u>26,100,998</u>	<u>(1,953,461)</u>
Deferred (Outflows) / Inflows Due To:				
Differences between Expected and Actual Experience		4,589,921	3,151,317	(1,438,604)
Changes of Assumptions		(4,969,451)	(3,404,183)	1,565,268
Differences between Projected and Actual Investment Earnings		(1,099,026)	(167,949)	931,077
Net Deferred (Outflows) / Inflows		<u>(1,478,556)</u>	<u>(420,815)</u>	<u>1,057,741</u>
Impact on the Statement of Net Position		<u><u>26,575,903</u></u>	<u><u>25,680,183</u></u>	<u><u>(895,720)</u></u>

Change in Net Position During Report Year

	Measurement Date: Report Date:	June 30, 2024 June 30, 2024
Impact on the Statement of Net Position, Report Year Ending June 30, 2023		26,575,903
OPEB Expense / (Income)		2,962,533
(Employer Contributions Reported for the Year)		(3,858,253)
(Adjustment to Employer Contributions Reported in the Prior Year)		-
Impact on the Statement of Net Position for the Report Year Ending June 30, 2024		<u><u>25,680,183</u></u>

OPEB Expense

	Measurement Date: Report Date:	June 30, 2024 June 30, 2024
Deterioration / (Improvement) in Net Position		(895,720)
Employer Contributions Reported for the Year		3,858,253
Adjustment to Employer Contributions Reported in the Prior Year		-
OPEB Expense / (Income) for the Report Year Ending June 30, 2024		<u><u>2,962,533</u></u>

Accounting Information

Sample Journal Entries

Suggested Journal Entries for the Report Year ending June 30, 2024

Beginning Balance	<u>Debit (Outflow)</u>	<u>Credit (Inflow)</u>
Net OPEB Liability/Asset	\$ -	\$ 28,054,459
Differences between Expected and Actual Experience	642,866	5,232,787
Changes of Assumptions	4,969,451	-
Differences between Projected and Actual Investment Earnings	1,099,026	-
Impact on Statement of Net Position	26,575,903	-
Ending Balance	<u>Debit (Outflow)</u>	<u>Credit (Inflow)</u>
Net OPEB Liability/Asset	\$ -	\$ 26,100,998
Differences between Expected and Actual Experience	428,578	3,579,895
Changes of Assumptions	3,404,183	-
Differences between Projected and Actual Investment Earnings	167,949	-
Impact on Statement of Net Position	25,680,183	-
OPEB-Expense Journal Entries	<u>Debit</u>	<u>Credit</u>
Net OPEB Liability/Asset	\$ 1,953,461	\$ -
Differences between Expected and Actual Experience	Deferred Outflows Deferred Inflows	- 214,288
Changes of Assumptions	Deferred Outflows Deferred Inflows	- 1,565,268
Differences between Projected and Actual Investment Earnings	Deferred Outflows Deferred Inflows	- 931,077
OPEB Expense/Credit	-	895,720
Total	<u>3,606,353</u>	<u>3,606,353</u>
Change to the Impact on the Statement of Net Position	-	895,720

Accounting Information

Sample Journal Entries

Suggested Journal Entries for the Report Year ending June 30, 2024

	<u>Debit</u>	<u>Credit</u>
Journal Entries – Benefits Paid Outside of the Trust¹		
OPEB Expense	\$ 2,066,592	\$ -
Employer Contributions for Retiree Benefits During the Fiscal Year	-	2,066,592
Journal Entries – Implicit Subsidy²		
OPEB Expense	\$ 488,463	\$ -
Premium Expense During the Fiscal Year	-	488,463

¹ The entries here assume that when cash is used to pay benefits that the trust does not reimburse, an account called "Employer Contributions for Retiree Benefits During the Fiscal Year" was debited (increased). These entries reassign the benefit payments to the OPEB Expense. If the OPEB Expense account was originally debited, then these entries are unnecessary.

² These entries assume that when premiums are paid for active employees, an account called "Premium Expense During the Fiscal Year" is debited (increased). This entry reverses the portion of the premium payments that represent implicit subsidies, recorded as a retiree liability, and assigns that value to the OPEB Expense.

Accounting Information

Amortization of the Net OPEB Liability

A summary of the information used to establish the amortization amount for the current year and the following year, with respect to the Net OPEB Liability, follows. We recalculate the amortization each fiscal year. If the Net OPEB Liability is negative, it is an asset.

The Town is amortizing the net OPEB liability using a level-percent-of-pay method on a closed basis. Remaining years of amortization as of the report date of June 30, 2025: 22 years

Measurement Period: Report Date (June 30):	<i>Historical</i>		<i>Estimated</i>
	2023-2024 <u>2024</u>	2024-2025 <u>2025</u>	2025-2026 <u>2026</u>
Total OPEB Liability	\$ 44,479,569	\$ 45,644,812	\$ 46,831,643
Fiduciary Net Position	- 16,425,110	18,257,579	21,570,028
Net OPEB Liability	= \$ 28,054,459	\$ 27,387,233	\$ 25,261,615

All values measured at the beginning of the measurement period.

Amortization Type	Closed	Closed	Closed
Interest Rate Used to Determine Amortization	6.50%	6.50%	6.50%
Assumed Rate of Payroll Growth	n/a	n/a	n/a
Amortization Period	23 years	22 years	21 years
Amount Recognized, Beginning of Year	\$ 2,238,055	\$ 2,229,326	\$ 2,101,893

It is the policy of the Town to allow negative amortizations.

Accounting Information

Actuarially Determined Contribution (ADC)

The calculation of the Actuarially Determined Contribution (ADC) follows. The ADC is based on the Town's funding policy. The ADC is calculated as of the end of the year.

	<i>Historical</i>		<i>Estimated</i>
Measurement Period:	2023-2024	2024-2025	2025-2026
Report Date (June 30):	<u>2024</u>	<u>2025</u>	<u>2026</u>
Service Cost	\$ 909,729	\$ 945,572	\$ 983,963
Amortization of the Net OPEB Liability	2,238,055	2,229,326	2,101,893
Administrative Expense	32,850	36,515	17,375
Interest	<u>204,606</u>	<u>206,368</u>	<u>201,710</u>
ADC	\$ 3,385,240	\$ 3,417,781	\$ 3,304,941
Discount Rate for ADC Calculation	6.50%	6.50%	6.50%
ADC Components			
Town's Contribution to the Trust Fund	\$ 773,979	\$ 719,210	\$ 452,747
Credit for Retiree Benefit Payments Outside of the Trust	2,122,798	2,220,410	2,345,647
Credit for Implicit Subsidy	<u>488,463</u>	<u>478,161</u>	<u>506,547</u>
ADC	\$ 3,385,240	\$ 3,417,781	\$ 3,304,941
ADC as a Percentage of Payroll	24.63%	23.91%	22.23%

Town's Funding Policy

The Town's funding policy is to contribute 100% of the ADC each year until the plan is fully funded, and then contribute the greater of the service cost plus the administrative expense (with interest on both) or the total of the benefit payments and the implicit subsidy.

The ADC is the sum of the service cost, the amortization of the net OPEB liability, and the administrative expense, plus interest (if applicable). For payment of the ADC, however, it comprises three parts: the benefit payments paid outside of Town the Trust Fund, the credit for the implicit subsidy, and the contribution to the Trust Fund. If the total of the service cost, amortization, and the administrative expense is less than the total of the benefit payments and implicit subsidy (if benefit payments are paid outside of the Trust Fund), the contribution to the Trust Fund will be negative and is typically set to zero.

The plan's funding policy will produce high contribution amounts until the unfunded amount is fully amortized in 2046 and then will reduce to an amount to cover the service cost, with interest, going forward.

Accounting Information

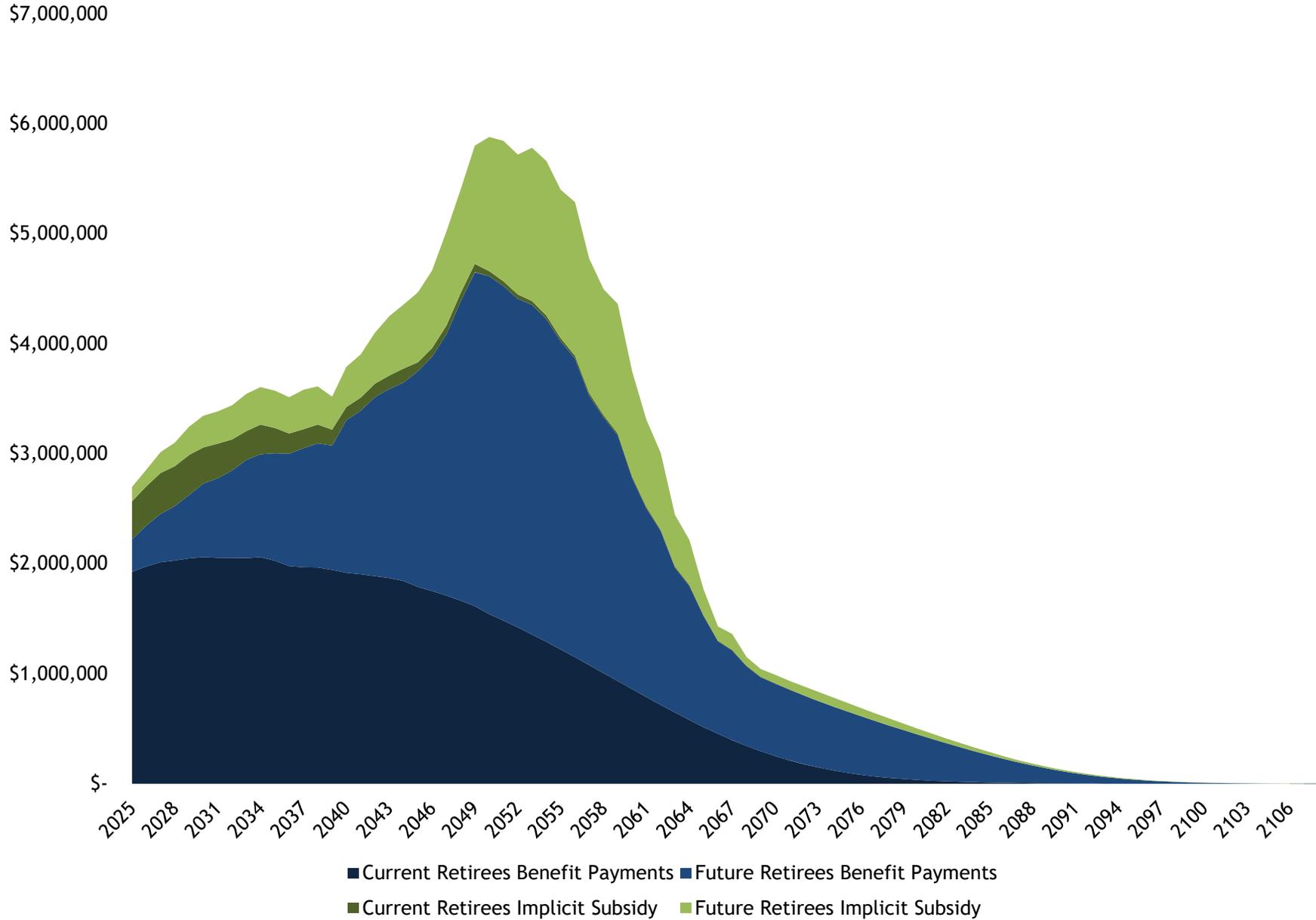
Projection of Benefit Payments

Projected benefit payments for current participants follow. "Future Retirees" are employees currently working, but projected to retire and receive benefits. The projections do not include benefits for employees hired in the future.

Measurement Period Ending	Projected Retiree Benefit Payments			Implicit Subsidy			Grand Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
June 30:							
2025	\$ 1,925,936	\$ 294,474	\$ 2,220,410	\$ 345,893	\$ 132,268	\$ 478,161	\$ 2,698,571
2026	1,973,314	372,333	2,345,647	355,259	151,288	506,547	2,852,194
2027	2,012,309	440,180	2,452,489	372,617	188,835	561,452	3,013,941
2028	2,027,894	494,942	2,522,836	363,684	214,396	578,080	3,100,916
2029	2,048,510	577,231	2,625,741	362,984	257,941	620,925	3,246,666
2030	2,058,546	668,854	2,727,400	327,919	289,952	617,871	3,345,271
2031	2,053,214	722,274	2,775,488	315,762	293,331	609,093	3,384,581
2032	2,053,559	793,695	2,847,254	280,471	311,243	591,714	3,438,968
2033	2,051,459	890,717	2,942,176	263,399	337,721	601,120	3,543,296
2034	2,059,199	935,193	2,994,392	268,927	342,302	611,229	3,605,621
2035	2,027,348	976,770	3,004,118	229,507	337,452	566,959	3,571,077
2036	1,978,422	1,020,387	2,998,809	185,169	329,579	514,748	3,513,557
2037	1,968,065	1,080,507	3,048,572	173,190	358,728	531,918	3,580,490
2038	1,964,177	1,129,708	3,093,885	169,838	348,247	518,085	3,611,970
2039	1,942,915	1,129,934	3,072,849	144,673	298,899	443,572	3,516,421
2040	1,915,939	1,388,255	3,304,194	118,389	365,898	484,287	3,788,481
2041	1,904,178	1,485,408	3,389,586	119,913	392,134	512,047	3,901,633
2042	1,887,115	1,626,456	3,513,571	121,579	463,806	585,385	4,098,956
2043	1,870,006	1,716,366	3,586,372	123,648	540,170	663,818	4,250,190
2044	1,843,730	1,802,414	3,646,144	126,317	582,069	708,386	4,354,530
2045	1,787,143	1,961,590	3,748,733	81,130	637,342	718,472	4,467,205
2046	1,750,527	2,129,442	3,879,969	78,797	706,338	785,135	4,665,104
2047	1,709,045	2,377,404	4,086,449	77,196	857,060	934,256	5,020,705
2048	1,663,026	2,721,683	4,384,709	75,821	940,771	1,016,592	5,401,301
2049	1,612,548	3,037,083	4,649,631	74,929	1,074,734	1,149,663	5,799,294
2050	1,540,329	3,071,671	4,612,000	46,417	1,221,867	1,268,284	5,880,284
2051	1,482,006	3,041,796	4,523,802	42,636	1,277,304	1,319,940	5,843,742
↓	↓	↓	↓	↓	↓	↓	↓

Accounting Information

Projected Benefit Payments for Current Participants



Accounting Information

Projection of Contributions

Measurement Period Ending	Payroll			Projected Contributions*			
	Current Employees	Future Employees	Total	Current Participants	Related to Payroll of Future Employees	Total at 22.23% for 22 Years, Then at 7.17%	
June 30:	(a)	(b)	(c)	(d) = (f) - (e)	(e) = (b) × 7.18%**	(f) = (c) × 22.23%	
2025	\$ 12,052,843	\$ 2,240,366	\$ 14,293,209	\$ 3,256,923	\$ 160,858	\$ 3,417,781	
2026	11,878,919	2,986,018	14,864,937	3,090,545	214,396	3,304,941	
2027	11,488,950	3,970,585	15,459,535	3,151,567	285,088	3,436,655	
2028	11,414,401	4,663,515	16,077,916	3,239,281	334,840	3,574,121	
2029	11,346,536	5,374,496	16,721,032	3,331,196	385,889	3,717,085	
2030	11,188,257	6,201,616	17,389,873	3,420,493	445,276	3,865,769	
2031	10,665,007	7,420,460	18,085,467	3,487,610	532,789	4,020,399	
2032	10,342,211	8,466,675	18,808,886	3,573,308	607,907	4,181,215	
2033	9,814,890	9,746,351	19,561,241	3,648,676	699,788	4,348,464	
2034	9,351,647	10,992,043	20,343,690	3,733,173	789,229	4,522,402	
2035	9,327,785	11,829,653	21,157,438	3,853,929	849,369	4,703,298	
2036	9,212,052	12,791,684	22,003,736	3,972,988	918,443	4,891,431	
2037	9,149,688	13,734,197	22,883,885	4,100,973	986,115	5,087,088	
2038	9,157,435	14,641,805	23,799,240	4,239,289	1,051,282	5,290,571	
2039	9,235,471	15,515,739	24,751,210	4,388,164	1,114,030	5,502,194	
2040	9,373,149	16,368,109	25,741,258	4,547,052	1,175,230	5,722,282	
2041	8,011,806	18,759,102	26,770,908	4,604,269	1,346,904	5,951,173	
2042	7,886,387	19,955,357	27,841,744	4,756,425	1,432,795	6,189,220	
2043	7,417,605	21,537,809	28,955,414	4,890,374	1,546,415	6,436,789	
2044	7,221,675	22,891,956	30,113,631	5,050,618	1,643,642	6,694,260	
2045	6,922,639	24,395,537	31,318,176	5,210,431	1,751,600	6,962,031	
2046	6,195,032	26,375,872	32,570,904	5,346,724	1,893,788	7,240,512	
2047	5,407,852	28,465,888	33,873,740	384,896	2,043,851	2,428,747	
2048	4,212,791	31,015,899	35,228,690	298,955	2,226,942	2,525,897	
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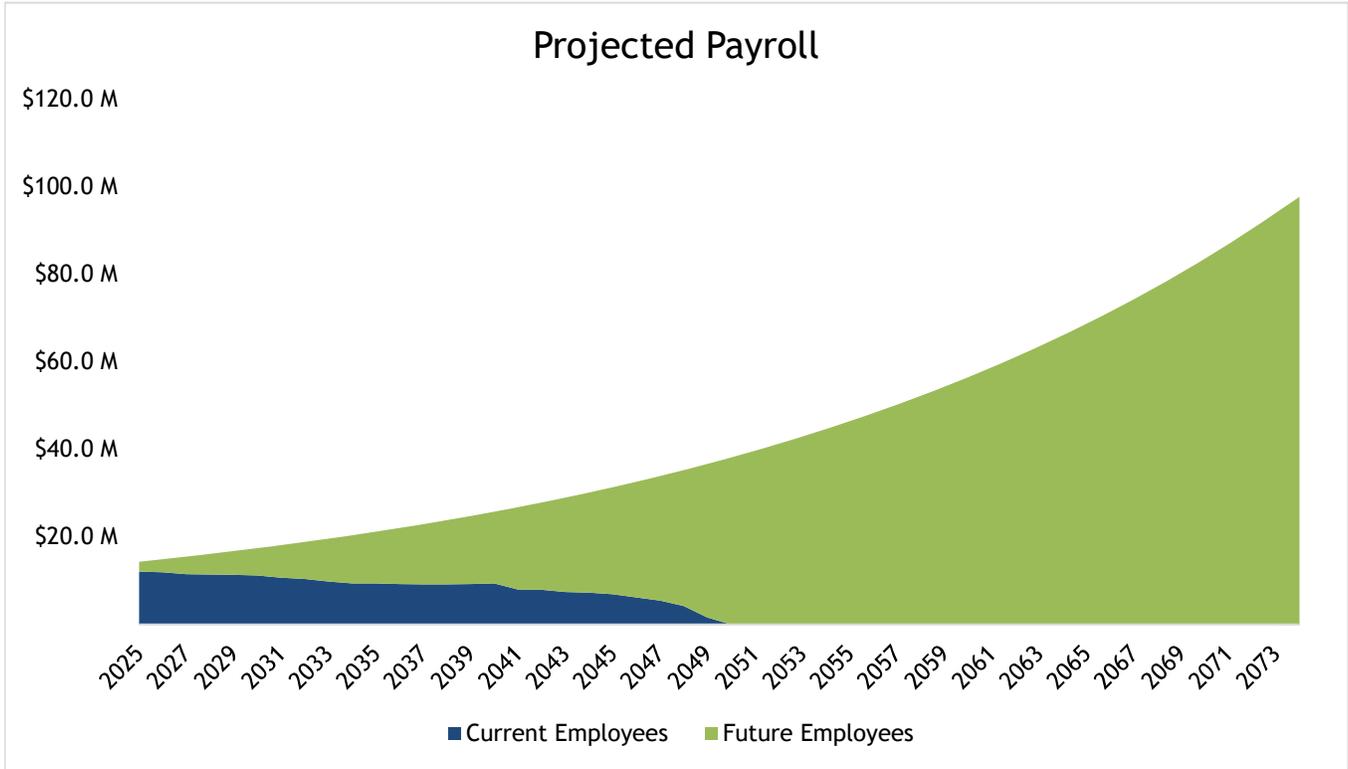
*The contributions for the first two years are calculated separately. Contributions for subsequent years use the percentages shown.

**The service cost percentage was determined in the prior report. If benefit payments are higher, they are used in place of the calculated amount.

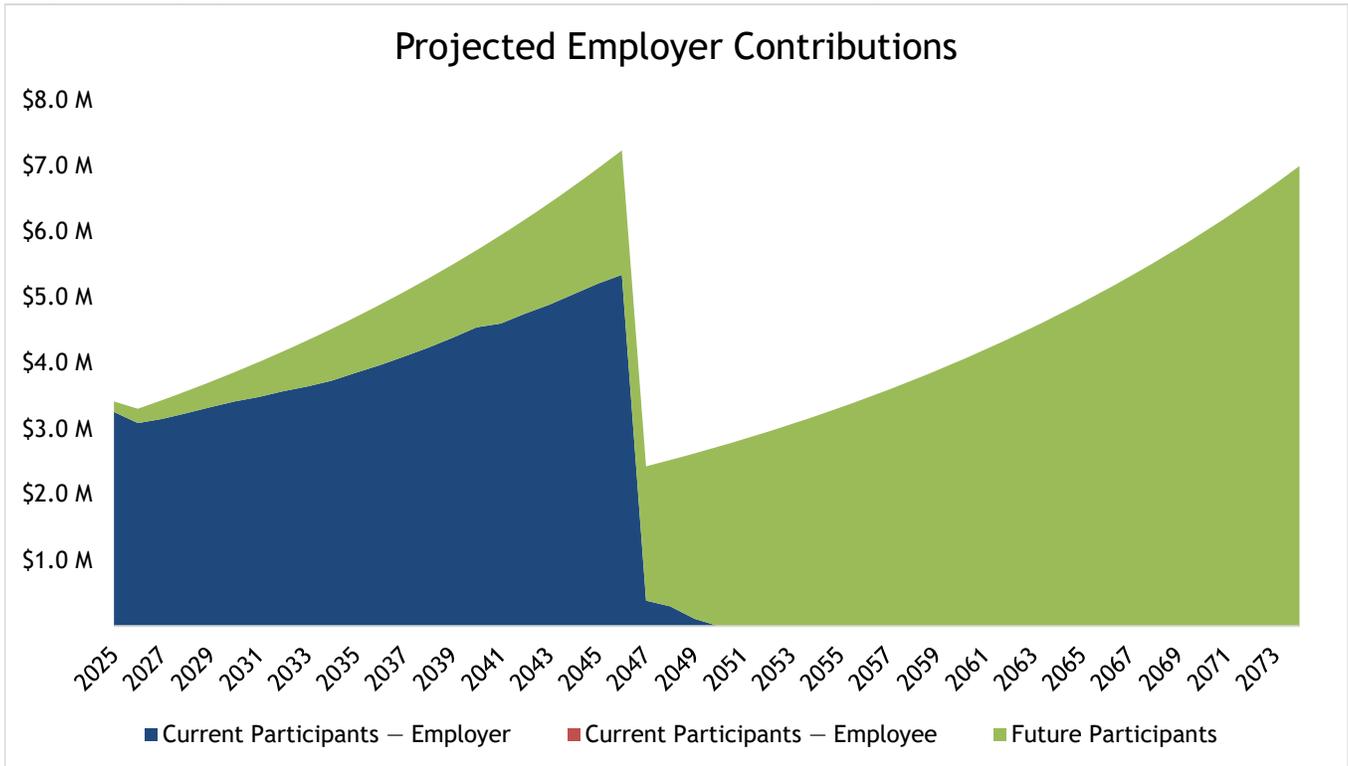
Accounting Information

Projection of Contributions Charts

Projected Payroll for Current and Future Employees



Projected Employer Contributions for Current and Future Plan Participants



Accounting Information

Projection of Fiduciary Net Position

Current Participants Only

Measurement Period Ending June 30:	Investment Rate of Return (a)	Projected Beginning Fiduciary Net Position (b)	Employer Contributions for Current Participants (c)	Projected Benefit Payments (Including Implicit Subsidy) (d)	Projected Administrative Expense (e)	Projected Investment Earnings (f)	Projected Ending Fiduciary Net Position (g) = Σ [(b) : (f)]
2025	6.50%	\$ 21,570,028	\$ 3,256,923	\$ (2,698,571)	\$ (16,538)	\$ 1,419,661	\$ 23,531,503
2026	6.50%	23,531,503	3,090,545	(2,852,194)	(16,951)	1,536,743	25,289,646
2027	6.50%	25,289,646	3,151,567	(3,013,941)	(17,375)	1,647,735	27,057,632
2028	6.50%	27,057,632	3,239,281	(3,100,916)	(17,809)	1,762,664	28,940,852
2029	6.50%	28,940,852	3,331,196	(3,246,666)	(18,254)	1,883,309	30,890,437
2030	6.50%	30,890,437	3,420,493	(3,345,271)	(18,710)	2,009,715	32,956,664
2031	6.50%	32,956,664	3,487,610	(3,384,581)	(19,178)	2,144,908	35,185,423
2032	6.50%	35,185,423	3,573,308	(3,438,968)	(19,657)	2,290,780	37,590,886
2033	6.50%	37,590,886	3,648,676	(3,543,296)	(20,148)	2,446,178	40,122,296
2034	6.50%	40,122,296	3,733,173	(3,605,621)	(20,652)	2,611,423	42,840,619
2035	6.50%	42,840,619	3,853,929	(3,571,077)	(21,168)	2,793,145	45,895,448
2036	6.50%	45,895,448	3,972,988	(3,513,557)	(21,697)	2,997,430	49,330,612
2037	6.50%	49,330,612	4,100,973	(3,580,490)	(22,239)	3,222,683	53,051,539
2038	6.50%	53,051,539	4,239,289	(3,611,970)	(22,795)	3,467,997	57,124,060
2039	6.50%	57,124,060	4,388,164	(3,516,421)	(23,365)	3,740,636	61,713,074
2040	6.50%	61,713,074	4,547,052	(3,788,481)	(23,949)	4,035,225	66,482,921
2041	6.50%	66,482,921	4,604,269	(3,901,633)	(24,548)	4,343,428	71,504,437
2042	6.50%	71,504,437	4,756,425	(4,098,956)	(25,162)	4,668,338	76,805,082
2043	6.50%	76,805,082	4,890,374	(4,250,190)	(25,791)	5,012,298	82,431,773
2044	6.50%	82,431,773	5,050,618	(4,354,530)	(26,436)	5,379,829	88,481,254
2045	6.50%	88,481,254	5,210,431	(4,467,205)	(27,097)	5,774,556	94,971,939
2046	6.50%	94,971,939	5,346,724	(4,665,104)	(27,774)	6,194,426	101,820,211
2047	6.50%	101,820,211	384,896	(5,020,705)	(28,468)	6,466,725	103,622,659
2048	6.50%	103,622,659	298,955	(5,401,301)	(29,180)	6,568,698	105,059,831
2049	6.50%	105,059,831	110,261	(5,799,294)	(29,910)	6,643,023	105,983,911
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Accounting Information

Depletion Date Projection

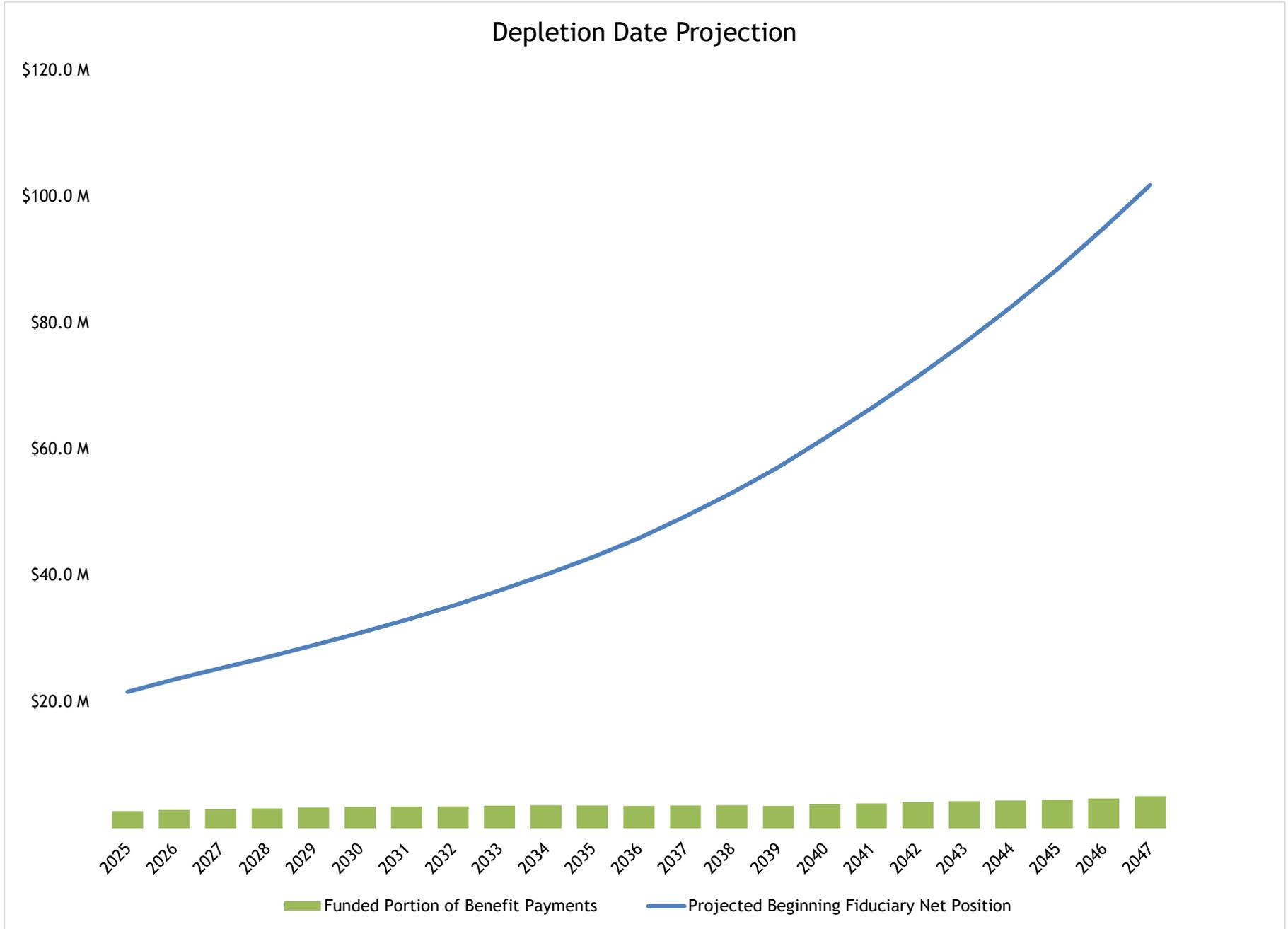
Current Participants Only

The investment earnings are determined using an investment rate of return of 6.50%.

Measurement Period Ending June 30:	Projected		Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of	Present Value of	Present Value of
	Fiduciary Net Position	Total Projected Benefit Payments			Funded Benefit Payments at the Investment Rate of Return	Unfunded Benefit Payments at 3.97%	Benefit Payments at an Equivalent Single Discount Rate of 6.50%
2025	\$ 21,570,028	\$ 2,698,571	\$ 2,698,571	\$ -	\$ 2,614,924	\$ -	\$ 2,614,924
2026	23,531,503	2,852,194	2,852,194	-	2,595,103	-	2,595,103
2027	25,289,646	3,013,941	3,013,941	-	2,574,902	-	2,574,902
2028	27,057,632	3,100,916	3,100,916	-	2,487,519	-	2,487,519
2029	28,940,852	3,246,666	3,246,666	-	2,445,481	-	2,445,481
2030	30,890,437	3,345,271	3,345,271	-	2,365,966	-	2,365,966
2031	32,956,664	3,384,581	3,384,581	-	2,247,670	-	2,247,670
2032	35,185,423	3,438,968	3,438,968	-	2,144,401	-	2,144,401
2033	37,590,886	3,543,296	3,543,296	-	2,074,607	-	2,074,607
2034	40,122,296	3,605,621	3,605,621	-	1,982,252	-	1,982,252
2035	42,840,619	3,571,077	3,571,077	-	1,843,437	-	1,843,437
2036	45,895,448	3,513,557	3,513,557	-	1,703,047	-	1,703,047
2037	49,330,612	3,580,490	3,580,490	-	1,629,568	-	1,629,568
2038	53,051,539	3,611,970	3,611,970	-	1,543,563	-	1,543,563
2039	57,124,060	3,516,421	3,516,421	-	1,411,015	-	1,411,015
2040	61,713,074	3,788,481	3,788,481	-	1,427,402	-	1,427,402
2041	66,482,921	3,901,633	3,901,633	-	1,380,314	-	1,380,314
2042	71,504,437	4,098,956	4,098,956	-	1,361,617	-	1,361,617
2043	76,805,082	4,250,190	4,250,190	-	1,325,686	-	1,325,686
2044	82,431,773	4,354,530	4,354,530	-	1,275,334	-	1,275,334
2045	88,481,254	4,467,205	4,467,205	-	1,228,482	-	1,228,482
2046	94,971,939	4,665,104	4,665,104	-	1,204,605	-	1,204,605
2047	101,820,211	5,020,705	5,020,705	-	1,217,303	-	1,217,303
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Accounting Information

Depletion Date Projection



Accounting Information

Schedule of Implicit Subsidy Liability (Not a Required Schedule)

Actuarial standard of practice (ASOP) number 6, "Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions," requires the inclusion of the implicit subsidy in OPEB valuations.

The implicit subsidy arises when an employer allows a retiree and the retiree's dependents to continue on the plans for active employees, and pay the active-employee premiums. Retirees are not paying the true cost of their benefits because they have higher costs than active employees, and therefore are partially subsidized by the active employees. Once a retiree reaches Medicare eligibility, the rates are set for Medicare retirees separately, and are set to be sufficient to cover the true costs of the Medicare retirees. Thus, there is no implicit subsidy for Medicare retirees.

	2023	2024
	<u>2023</u>	<u>2024</u>
Measurement Date (June 30):		
Report Date (June 30):		
Benefit Payments	\$ 37,403,516	\$ 38,355,821
Implicit Subsidy	<u>7,076,053</u>	<u>7,287,654</u>
Total OPEB Liability	<u>\$ 44,479,569</u>	<u>\$ 45,643,475</u>
Discount Rate	6.50%	6.50%

Retiree Benefit Payments and Implicit Subsidy



Accounting Information

Schedule of Deferred Outflows and Inflows of Resources

Schedule of Deferred Outflows and Inflows of Resources

	Measurement Period		Amount		Recognition Period	Remaining Period	Increase/(Decrease) in Expense: Measurement / Report Years Ending June 30:						Remaining
	Base Amount		Previously Recognized				2024	2025	2026	2027	2028	2029	
Differences Between Expected and Actual Experience	2016-2017	658,887	658,887	1.0	0.0	-	-	-	-	-	-	-	-
	2017-2018	(2,686,363)	(2,686,363)	1.0	0.0	-	-	-	-	-	-	-	-
	2018-2019	\$ (1,110,915)	\$ (1,110,915)	5.0	0.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2019-2020	(1,463,284)	(975,524)	6.0	2.0	(243,881)	(243,879)	-	-	-	-	-	-
	2020-2021	1,285,730	642,864	6.0	3.0	214,288	214,288	214,290	-	-	-	-	-
	2021-2022	(5,396,745)	(2,158,698)	5.0	3.0	(1,079,349)	(1,079,349)	(1,079,349)	-	-	-	-	-
	2022-2023	(1,883,725)	(376,745)	5.0	4.0	(376,745)	(376,745)	(376,745)	(376,745)	-	-	-	-
	2023-2024	(58,033)	-	5.3	5.3	(10,950)	(10,950)	(10,950)	(10,950)	(10,950)	(3,283)	-	-
Changes of Assumptions	2016-2017	1,293,986	1,293,986	1.0	0.0	-	-	-	-	-	-	-	-
	2017-2018	(1,943,284)	(1,943,284)	1.0	0.0	-	-	-	-	-	-	-	-
	2018-2019	(1,238,106)	(1,238,106)	5.0	0.0	-	-	-	-	-	-	-	-
	2019-2020	-	-	6.0	2.0	-	-	-	-	-	-	-	-
	2020-2021	5,032,190	2,516,094	6.0	3.0	838,698	838,698	838,700	-	-	-	-	-
	2021-2022	2,264,623	905,850	5.0	3.0	452,925	452,925	452,923	-	-	-	-	-
	2022-2023	1,368,227	273,645	5.0	4.0	273,645	273,645	273,645	273,647	-	-	-	-
	2023-2024	-	-	5.3	5.3	-	-	-	-	-	-	-	-
Differences Between Projected and Actual Earnings	2016-2017	-	-	5.0	0.0	-	-	-	-	-	-	-	-
	2017-2018	-	-	5.0	0.0	-	-	-	-	-	-	-	-
	2018-2019	259,811	259,811	5.0	0.0	-	-	-	-	-	-	-	-
	2019-2020	462,862	370,288	5.0	1.0	92,574	-	-	-	-	-	-	-
	2020-2021	(960,389)	(576,234)	5.0	2.0	(192,078)	(192,077)	-	-	-	-	-	-
	2021-2022	2,621,221	1,048,488	5.0	3.0	524,244	524,244	524,245	-	-	-	-	-
	2022-2023	(227,657)	(45,531)	5.0	4.0	(45,531)	(45,531)	(45,531)	(45,533)	-	-	-	-
	2023-2024	(689,836)	-	5.0	5.0	(137,968)	(137,968)	(137,968)	(137,968)	(137,964)	-	-	-

Summary of Deferred Outflows and Inflows of Resources

Measurement Period: July 1, 2023 - June 30, 2024

Fiscal Reporting Period: July 1, 2023 - June 30, 2024

	Measurement/Report Years Ending June 30:						Remaining
	2024	2025	2026	2027	2028	2029	
Differences Between Expected and Actual Experience	\$ (1,496,637)	\$ (1,496,635)	\$ (1,252,754)	\$ (387,695)	\$ (10,950)	\$ (3,283)	\$ -
Changes of Assumptions	1,565,268	1,565,268	1,565,268	273,647	-	-	-
Differences Between Projected and Actual Earnings	241,241	148,668	340,746	(183,501)	(137,964)	-	-
Total	\$ 309,872	\$ 217,301	\$ 653,260	\$ (297,549)	\$ (148,914)	\$ (3,283)	\$ -

Accounting Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

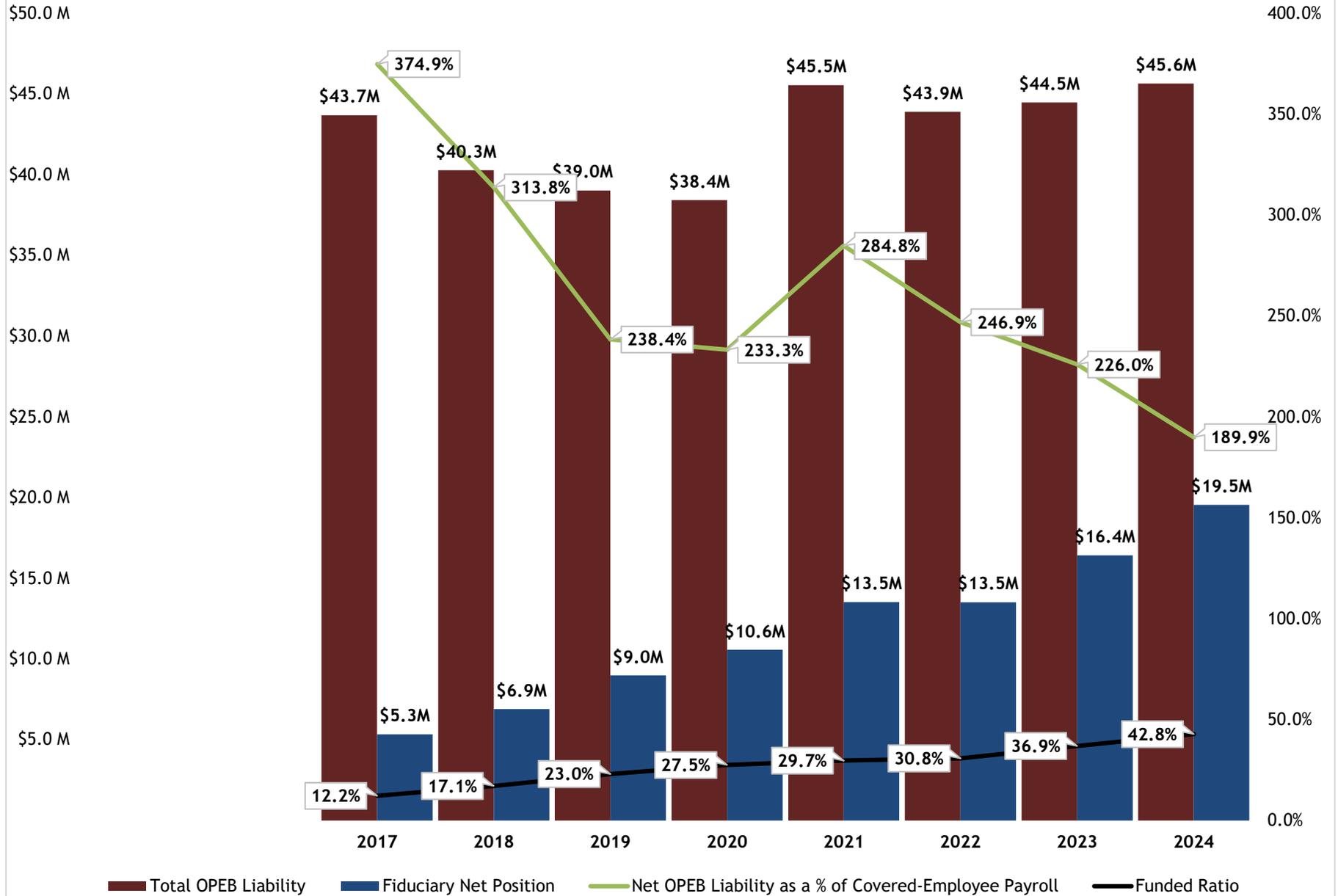
GASB 75 requires a disclosure of the changes in the Net OPEB Liability for the last ten fiscal years, or for as many years as are available.

Measurement Date (June 30):	2017	2018	2019	2020	2021	2022	2023	2024
Report Date (June 30):	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total OPEB Liability								
Service Cost	\$ 1,189,644	\$ 679,914	\$ 629,930	\$ 537,366	\$ 542,253	\$ 788,997	\$ 781,429	\$ 909,729
Interest	3,005,083	2,852,809	2,783,426	2,761,917	2,718,747	3,224,200	2,823,965	2,867,265
Changes of Benefit Terms	(6,256,712)	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	658,887	(2,686,363)	(1,110,915)	(1,463,284)	1,285,730	(5,396,745)	(1,883,725)	(58,033)
Changes of Assumptions	1,293,986	(1,943,284)	(1,238,106)	-	5,032,190	2,264,623	1,368,227	-
Benefit Payments	(2,090,025)	(2,309,807)	(2,321,036)	(2,432,039)	(2,452,724)	(2,005,007)	(1,985,318)	(2,066,592)
Implicit Subsidy Credit	-	-	-	-	-	(524,525)	(524,192)	(488,463)
Net Change in Total OPEB Liability	(2,199,137)	(3,406,731)	(1,256,701)	(596,040)	7,126,196	(1,648,457)	580,386	1,163,906
Total OPEB Liability – Beginning	<u>45,880,053</u>	<u>43,680,916</u>	<u>40,274,185</u>	<u>39,017,484</u>	<u>38,421,444</u>	<u>45,547,640</u>	<u>43,899,183</u>	<u>44,479,569</u>
Total OPEB Liability – Ending (a)	<u>\$ 43,680,916</u>	<u>\$ 40,274,185</u>	<u>\$ 39,017,484</u>	<u>\$ 38,421,444</u>	<u>\$ 45,547,640</u>	<u>\$ 43,899,183</u>	<u>\$ 44,479,569</u>	<u>\$ 45,643,475</u>
Plan Fiduciary Net Position								
Net Investment Income	\$ 338,238	\$ 327,071	\$ 299,866	\$ 231,747	\$ 1,761,317	\$ (1,598,662)	\$ 1,131,253	\$ 1,800,274
Employer – Town's Contributions	3,176,785	3,547,796	4,115,135	3,801,999	3,650,696	3,630,651	3,748,392	3,369,790
Employer – Implicit Subsidy	-	-	-	-	-	524,525	524,192	488,463
Benefit Payments	(2,090,025)	(2,309,807)	(2,321,036)	(2,432,039)	(2,452,724)	(2,005,007)	(1,985,318)	(2,066,592)
Implicit Subsidy Credit	-	-	-	-	-	(524,525)	(524,192)	(488,463)
Administrative Expense	(26,250)	(8,250)	(6,200)	(17,033)	(6,600)	(35,150)	(11,750)	(16,538)
Other Miscellaneous Income/(Expense)	-	-	-	-	-	-	30,695	30,433
Net Change in Plan Fiduciary Net Position	1,398,748	1,556,810	2,087,765	1,584,674	2,952,689	(8,168)	2,913,272	3,117,367
Plan Fiduciary Net Position – Beginning	<u>3,939,320</u>	<u>5,338,068</u>	<u>6,894,878</u>	<u>8,982,643</u>	<u>10,567,317</u>	<u>13,520,006</u>	<u>13,511,838</u>	<u>16,425,110</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 5,338,068</u>	<u>\$ 6,894,878</u>	<u>\$ 8,982,643</u>	<u>\$ 10,567,317</u>	<u>\$ 13,520,006</u>	<u>\$ 13,511,838</u>	<u>\$ 16,425,110</u>	<u>\$ 19,542,477</u>
Net OPEB Liability								
Town's Net OPEB Liability – Ending = (a) – (b)	\$ 38,342,848	\$ 33,379,307	\$ 30,034,841	\$ 27,854,127	\$ 32,027,634	\$ 30,387,345	\$ 28,054,459	\$ 26,100,998
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability								
	12.2%	17.1%	23.0%	27.5%	29.7%	30.8%	36.9%	42.8%
Covered Payroll								
	\$ 10,228,484	\$ 10,637,623	\$ 12,599,633	\$ 11,941,182	\$ 11,247,367	\$ 12,306,218	\$ 12,415,733	\$ 13,743,471
Town's Net OPEB Liability as a Percentage of Covered Payroll								
	374.9%	313.8%	238.4%	233.3%	284.8%	246.9%	226.0%	189.9%

Notes to schedule: the Town adopted GASB 75 for the fiscal year ending June 30, 2018.

Accounting Information

Schedule of Changes in the Net OPEB Liability and Related Ratios



Accounting Information

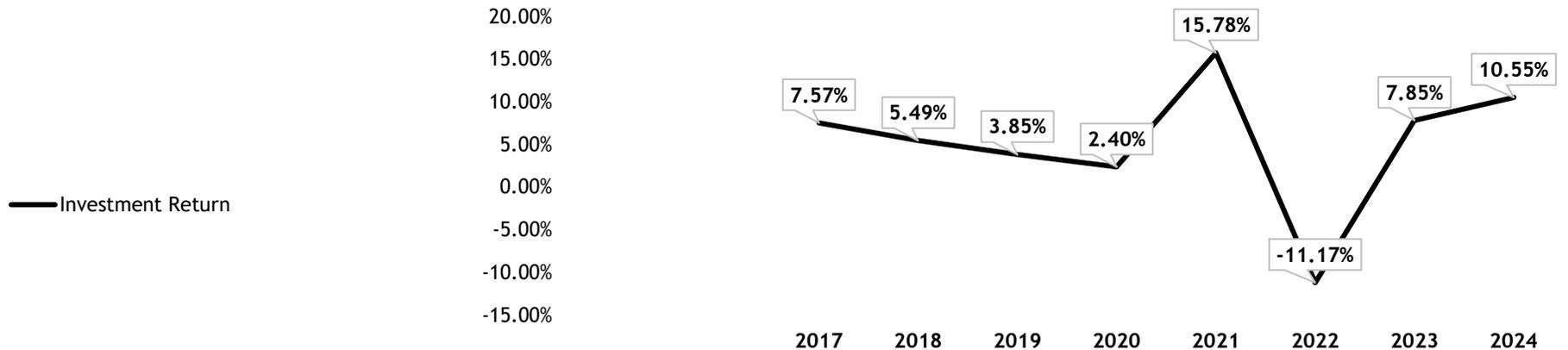
Schedule of Investment Returns

A schedule of investment returns for the last ten fiscal years, or for as many years as are available if less than ten years are available, follows.

Measurement Date (June 30):	2017	2018	2019	2020	2021	2022	2023	2024
Report Date (June 30):	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	7.57%	5.49%	3.85%	2.40%	15.78%	-11.17%	7.85%	10.55%

The annual money-weighted rate of return, net of investment expenses, is the net investment income for the year divided by the average net position for the year (less investment expenses).

Investment Returns



Accounting Information

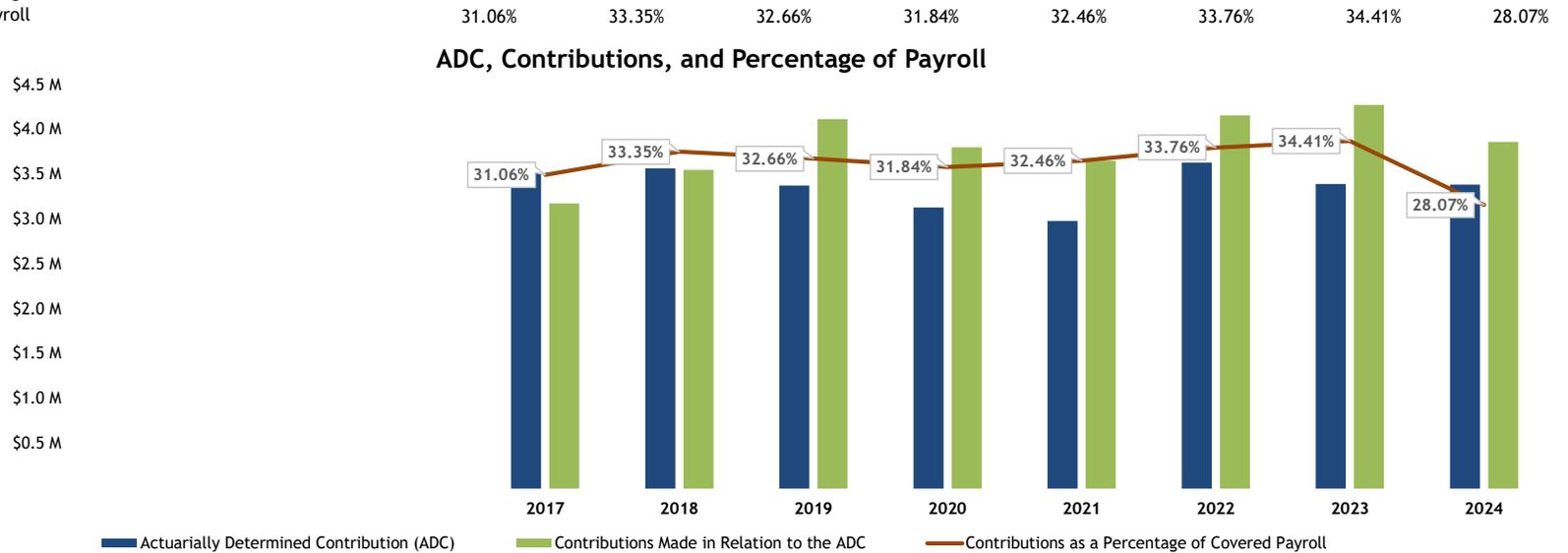
Schedule of Contributions

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available.

Measurement Period:	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Reporting Period:	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Report Date (June 30):	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution (ADC)	\$ 3,517,887	\$ 3,567,929	\$ 3,372,903	\$ 3,129,247	\$ 2,980,314	\$ 3,630,651	\$ 3,391,580	\$ 3,385,240
Less: Contributions Made in Relation to the ADC	-	3,176,785	3,547,796	4,115,135	3,801,999	3,650,696	4,155,176	4,272,584
Contribution Deficiency (Excess)	341,102	20,133	(742,232)	(672,752)	(670,382)	(524,525)	(881,004)	(473,013)
Covered Payroll	\$ 10,228,484	\$ 10,637,623	\$ 12,599,633	\$ 11,941,182	\$ 11,247,367	\$ 12,306,218	\$ 12,415,733	\$ 13,743,471

Contributions as a Percentage of Covered Payroll

ADC, Contributions, and Percentage of Payroll



Notes to Schedule:

Assumptions and Methods

- Actuarial Cost Method: Entry-age normal, level percent of pay
- Amortization Method: Closed period, level percent of pay
- Amortization Period: 30 years
- Inflation: 2.50%
- Assumed Payroll Growth: 4.00%
- Healthcare Trend Rates: 7.00%, trending down to 3.94%
- Rate of Return on Assets: 6.50%
- Mortality Rate: Pub-2010 Safety rates.
- Retirement Rates: Town pension rates.

Accounting Information

Draft Notes to the Financial Statements

A draft of the required notes to the Town's financial statements, based on the requirements of GASB 75 and our understanding of the Town's retiree health plan, follows.

Notes to the Financial Statements for the Year Ended June 30, 2024

Summary of Significant Accounting Policies

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and the OPEB expense information about the fiduciary net position of the Town's OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Note X – Other Post-Employment Benefits (OPEB)

Plan Description

The Town administers a single-employer defined-benefit post-employment healthcare plan (the Plan). Dependents are eligible to enroll, and benefits continue to surviving spouses.

Benefits Provided

Eligible Municipal employees who were hired prior to July 1, 2014, receive 100% of medical, dental and life insurance premiums until age 65 beginning after age 58 with at least ten years of service or 20 years of service, whichever is earlier. Eligible Fire employees who were hired prior to July 1, 2013, receive 100% of medical, dental and life insurance premiums for life after 20 years of service. Eligible Police employees who were hired prior to July 1, 2013, receive 100% of medical, dental and life insurance premiums for life beginning after age 58 with at least ten years of service or 20 years of service, whichever is earlier. Eligible employees who were hired after the dates above will receive coverage only until Medicare eligibility regardless of their employment group.

Employees Covered by Benefit Terms

At June 30, 2023 (the census date), the benefit terms covered the following employees:

<u>Category</u>	<u>Count</u>
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	161
Inactive employees entitled to but not yet receiving benefit payments:	0
Active employees:	183
Total	344

Accounting Information

Draft Notes to the Financial Statements

Contributions

The Town makes contributions based on an actuarially determined rate.

Contribution rate:	22.23%	for 22 years,
	7.17%	thereafter.
Reporting period contributions: \$	3,858,253	(Includes implicit subsidy credit.)

Financial Report

The Town issues a stand-alone financial report that is available to the public. The report is available at:

<https://www.narragansettri.gov>

Net OPEB Liability

The Town's total OPEB liability was valued as of June 30, 2023, and was used to calculate the net OPEB liability measured as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	June 30, 2023	June 30, 2024
Discount Rate	6.50%	6.50%
Investment Rate of Return	6.50%	6.50%
Inflation	2.50%	2.50%
Healthcare Cost Trend Rates		
Pre-Medicare	7.00%	6.50% *
Medicare	6.00%	5.75% *
Salary Increases	4.00%	4.00% **
Mortality Rates	Based on SOA Tables	

- Projections of the sharing of benefit-related costs are based on an established pattern of practice.
- Experience studies come from the Town of Narragansett Pension Plan.
- Inactive employees (retirees) pay the cost of benefits in excess of the Town's contribution.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

Discount Rate

GASB 75 allows the use of a discount rate that is up to the expected long-term rate of return on the assets in the Trust set aside to pay benefits, if the plan sponsor makes regular contributions to the Trust such that the assets are not depleted at any point in the future. If the Plans' actuary determines that contributions are not sufficient to keep the Trust funded, a blend of the long-term rate of return and the yield or index rate for 20-year, tax-exempt municipal bonds will be used for the periods when the Trust funds are not sufficient to cover benefit payments. Based on this requirement, and with the approval of the plan sponsor, the discount rate used to measure the total OPEB liability is 6.50%.

*Trending down to 3.94% over 51 years. Applies to calendar years.

**Additional merit-based increases based on the Town's pension plan merit salary increase tables.

Accounting Information

Draft Notes to the Financial Statements

Long-Term Expected Real Rate of Return

The long-term expected rate of return is determined using the long-term rates of return developed by Janney for their January 2021 Capital Market Assumptions.

<u>Asset Class</u>	<u>Portfolio Percentage</u>	<u>Expected Real Return</u>
Domestic Equity	39%	5.15%
Fixed Income	38%	2.50%
International Equity	13%	5.65%
REITS	3%	5.00%
Commodities	2%	2.50%
Alternatives	3%	1.50%
Cash	<u>2%</u>	<u>0.50%</u>
Total/Average	100%	3.95%
Inflation		2.50%
Total Expected Return		6.45%
Expected Return (Rounded)		6.50%

<i>Current Liability</i>	<u>Amount</u>
Current OPEB Liability	\$ 2,529,066
Non-Current OPEB Liability	43,114,409
Total OPEB Liability	<u>\$ 45,643,475</u>

Expected Average Remaining Service Lives (EARSL)

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in the OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows. Note, however, that for calculation purposes, we use 1 when calculating amortizations if the EARSL is less than 1 year.

EARSL: 5.3 years

Accounting Information

Draft Notes to the Financial Statements

<i>Changes in the Net OPEB Liability</i>	<i>Increase/(Decrease)</i>		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance as of Report Date June 30, 2023	\$ 44,479,569	\$ 16,425,110	\$ 28,054,459
Changes for the Year:			
Service Cost	909,729		909,729
Interest	2,867,265		2,867,265
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	(58,033)		(58,033)
Changes of Assumptions	-		-
Contributions			
Employer – Town's Contributions		3,369,790	(3,369,790)
Employer – Implicit Subsidy		488,463	(488,463)
Net Investment Income		1,800,274	(1,800,274)
Benefit Payments	(2,066,592)	(2,066,592)	-
Implicit Subsidy Credit	(488,463)	(488,463)	-
Administrative Expense		(16,538)	16,538
Other Miscellaneous Income/(Expense)	-	30,433	(30,433)
Net Changes	1,163,906	3,117,367	(1,953,461)
Balance as of Report Date June 30, 2024	\$ 45,643,475	\$ 19,542,477	\$ 26,100,998

Accounting Information

Draft Notes to the Financial Statements

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

Sensitivity of the total and net OPEB liability to changes in the discount rate. The total and net OPEB liability of the Town, as well as what the Town's total and net OPEB liability would be if they were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) follows:

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Total OPEB Liability (Asset)	\$ 51,056,503	\$ 45,643,475	\$ 41,131,633
Increase (Decrease)	5,413,028		(4,511,842)
% Change	11.9%		-9.9%
Net OPEB Liability (Asset)	\$ 31,514,026	\$ 26,100,998	\$ 21,589,156
Increase (Decrease)	5,413,028		(4,511,842)
% Change	20.7%		-17.3%

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend for this valuation started at 6.50% and decreased to 3.94% over 51 years. The total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates follows:

	1% Decrease 5.50%	Trend Rate 6.50%	1% Increase 7.50%
Total OPEB Liability (Asset)	\$ 40,811,276	\$ 45,643,475	\$ 51,449,567
Increase (Decrease)	(4,832,199)		5,806,092
% Change	-10.6%		12.7%
Net OPEB Liability (Asset)	\$ 21,268,799	\$ 26,100,998	\$ 31,907,090
Increase (Decrease)	(4,832,199)		5,806,092
% Change	-18.5%		22.2%

Accounting Information

Draft Notes to the Financial Statements

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the report year ended June 30, 2024, the Town recognized an OPEB expense of \$2,962,533. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	\$ 428,578	\$ (3,579,895)
Changes of Assumptions	3,404,183	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	<u>167,949</u>	<u>-</u>
Total	<u>\$ 4,000,710</u>	<u>\$ (3,579,895)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Report Year Ending June 30:</u>	<u>Amount</u>
2025	\$ 217,301
2026	653,260
2027	(297,549)
2028	(148,914)
2029	(3,283)
Remaining	-

Basis of Valuation

Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

Municipal Employees			
Duration	Until eligible for Medicare.		
Age & Service	Age 58 with 10 years of service, or any age with 20 years of service (25 years if hired after 7/1/2014).		
Type of Coverage	Retirees are enrolled in the Town's Blue Cross healthcare plans.		
Town Contribution	The Town subsidizes a portion of the medical and dental premiums as well as 100% of the life insurance premiums.		
Medicare Part B – Local 1033	Paid by the Town if hired prior to July 1, 2014, and retired between July 1, 2014, and June 30, 2018.		
Medicare Part B – Local 1094	Paid by the Town if retired prior to July 1, 2011.		
Opt-Out Benefit	Retirees who decline coverage due to equivalent coverage elsewhere will receive a reimbursement equal to 50% of the Town's cost for medical and dental benefits at the same coverage tier.		
Life Insurance	\$50,000 of coverage paid by the Town.		
Dependent Coverage	Coverage continues to surviving spouses of retirees or active employees who were retirement eligible.		
Retiree Contributions	<u>Retirement Dates</u>	<u>Retiree</u>	<u>Spouse</u>
Council 94	Prior to 1/1/2010	None	None
	1/1/2010 - 12/31/2011	2% of pension benefit	Included with retiree
	1/1/2012 - 6/30/2012	10% of premiums	Same as retiree
	7/1/2012 - 6/30/2013	12% of premiums	Same as retiree
	7/1/2013 - 6/30/2018	15% of premiums	Same as retiree
	7/1/2018 - Current	20% of premiums	100% of premiums
Local 1033			
	Hired before 7/1/1996		
	Prior to 1/1/2010	None	None
	1/1/2010 - 6/30/2014	2% of pension benefit	Included with retiree
	7/1/2014 - 6/30/2015	5% of premiums	Same as retiree
	7/1/2015 - 6/30/2016	10% of premiums	Same as retiree
7/1/2016 - 6/30/2018	15% of premiums	Same as retiree	
7/1/2018 - Current	20% of premiums	100% of premiums	
Hired after 7/1/1996	7/1/2014 - 6/30/2018	None	Same as retiree
	7/1/2018 - Current	2% of pension benefit	100% of premiums
Non-Union			
	Prior to 1/1/2010	None	None
	1/1/2010 - Current	2% of pension benefit	Included with retiree

Basis of Valuation

Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

Fire Employees			
Duration	Lifetime.		
Age & Service	Any age with 20 years of service (25 years if hired after 7/1/2013).		
Type of Coverage	Retirees are enrolled in the Town's Blue Cross healthcare plans.		
Town Contribution	The Town subsidizes a portion of the medical and dental premiums as well as 100% of the life insurance premiums. For anyone retiring on or after January 1, 2011, the Town subsidy will end at age 65 and the retiree must pay 100% of the medical and dental premiums.		
Medicare Part B	Paid by the Town if retired prior to January 1, 2011.		
Opt-Out Benefit	Retirees who decline coverage due to equivalent coverage elsewhere will receive a reimbursement equal to 50% of the Town's cost for medical and dental benefits at the same coverage tier.		
Life Insurance	\$50,0000 of coverage paid by the Town.		
Dependent Coverage	Coverage continues to surviving spouse's of retirees or active employees who were retirement eligible.		
Retiree Contributions	<u>Retirement Dates</u>	<u>Retiree</u>	<u>Spouse</u>
	7/1/1987 - 12/31/2010	None	None
	1/1/2011 - 12/31/2016	Pre-65: 20% of premiums Post-65: 100% of Medical and 20% of Dental	Pre-65: 20% of premiums Post-65: 100% of Medical and 20% of Dental
	1/1/2017 - Current	Pre-65: None Post-65: 100% of Medical and 20% of Dental	Pre-65: None Post-65: 100% of Medical and 20% of Dental

Basis of Valuation

Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

Police Employees			
Duration	Lifetime benefits if hired before July 1, 2013, or just until Medicare eligibility if hired on or after that date.		
Age & Service	Age 58 with 10 years of service, or any age with 20 years of service (25 years if hired after 7/1/2013)		
Type of Coverage	Retirees are enrolled in the Town's Blue Cross healthcare plans.		
Town Contribution	The Town subsidizes a portion of the medical and dental premiums as well as 100% of the life insurance premiums. For anyone hired on or after July 1, 2013, the Town subsidy will end at age 65 and the retiree must pay 100% of the medical and dental premiums.		
Medicare Part B	Paid by the Town if hired prior to July 1, 2013.		
Opt-Out Benefit	Retirees who decline coverage due to equivalent coverage elsewhere will receive a reimbursement equal to 50% (60% if retired prior to July 1, 2017) of the Town's cost for medical and dental benefits at the same coverage tier.		
Life Insurance	\$50,0000 of coverage paid by the Town.		
Dependent Coverage	Coverage continues to surviving spouse's of retirees or active employees who were retirement eligible.		
Retiree Contributions	<u>Retirement Dates</u>	<u>Retiree</u>	<u>Spouse</u>
	Prior to 1/1/2010	None	None
	1/1/2010 -12/31/2010	2% of pension benefit	Included with retiree
	1/1/2011 -6/30/2013	5% of pension benefit	Included with retiree
	7/1/2013 -6/30/2017	15% of premiums	15% of premiums
	7/1/2017 -6/30/2018	17% of premiums	17% of premiums
	7/1/2018 -Current	20% of premiums	20% of premiums

Basis of Valuation

Participant Summary

Census Date: June 30, 2023
Age and service determined as of the census date.

Active Participants											
Age	Years of Service										Total
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
< 25	3	4	1								8
25-29	5	18	2								25
30-34	3	12	12	5							32
35-39	1	1	9	9	4						24
40-44	2	2	3	5	12						24
45-49		1	3	1	5		1				11
50-54	1	1	3	3	3	7	4				22
55-59		1	2	2	3	3	2	3			16
60-64		5	3	3	1			1			13
65-69			3	1	3					1	8
70+											
Total	15	45	41	29	31	10	7	4		1	183

Average Active Participant Age: 42.5

Average Years of Service: 10.7

Inactive Participants			
Age	Retiree	Spouse	Total
< 50	6	2	8
50-54	15	7	22
55-59	27	15	42
60-64	27	11	38
65-69	30	13	43
70-74	19	13	32
75-79	15	5	20
80-84	13	3	16
85-89	4	1	5
90+	5		5
Total	161	70	231

Average Inactive Participant Age: 65.4

Basis of Valuation

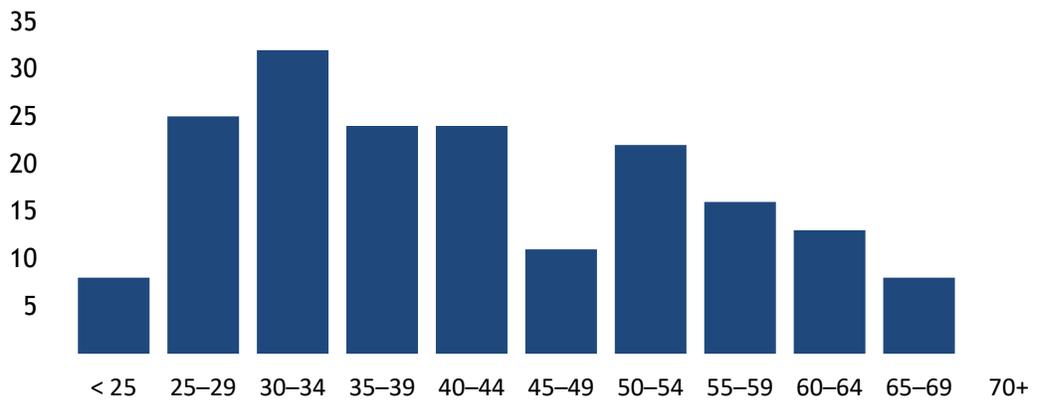
Participant Summary Charts

Census Date: June 30, 2023

Age and service determined as of the census date.

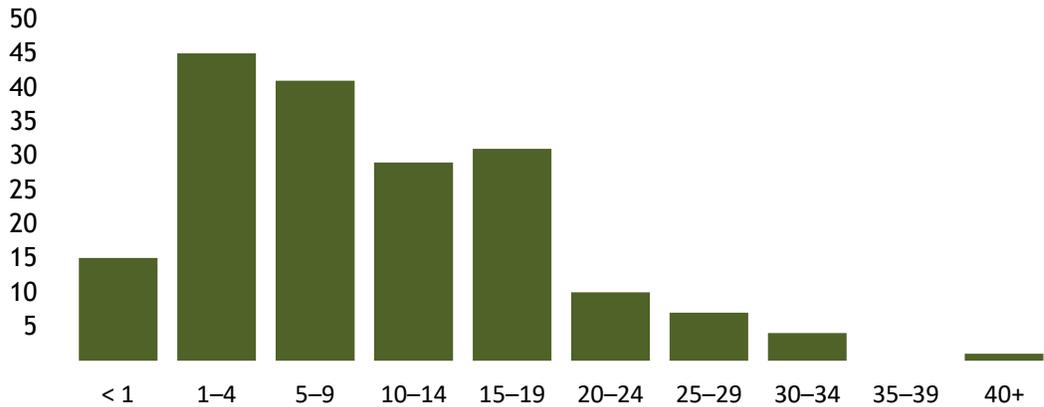
Actives by Age Bracket

Average Employee Age: 42.5



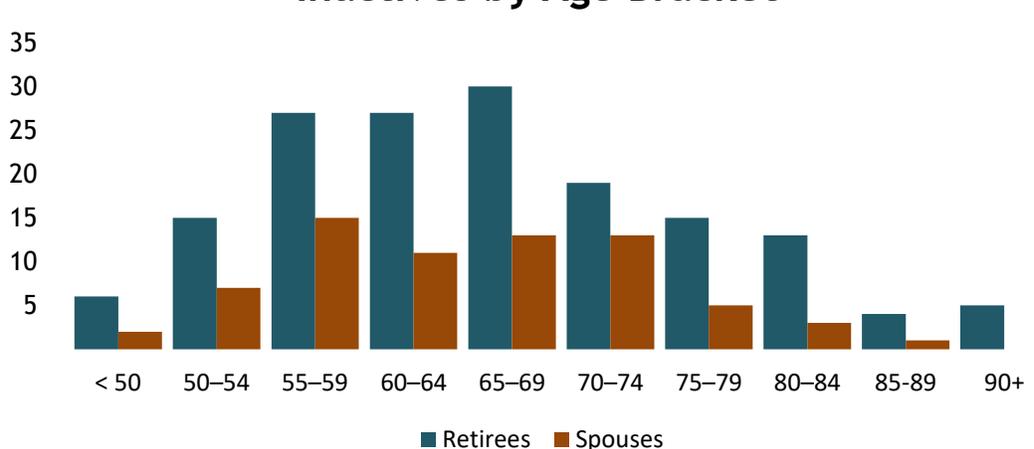
Actives by Years of Service

Average Years of Service: 10.7



Inactives by Age Bracket

Average Inactive Age: 65.4



Basis of Valuation

Actuarial Assumptions

A summary of the actuarial assumptions used for this valuation follows. We considered the reasonableness of each assumption independently based on its own merits, consistent with each other assumption, and the combined impact of all assumptions.

Assumption	Rates
Actuarial Cost Method	Entry-Age Normal, Level Percentage of Salary
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Report Date	June 30, 2024
Discount Rate	The discount rate selected is 6.50%. GASB 75 allows the use of a discount rate that is up to the expected long-term rate of return on the assets in the Trust set aside to pay benefits, if the plan sponsor makes regular contributions to the Trust such that the assets are not depleted at any point in the future. If the plans' actuary determines that contributions are not sufficient to keep the Trust funded, a blend of the long-term rate of return and the yield or index rate for 20-year, tax-exempt municipal bonds will be used for the periods when the Trust funds are not sufficient to cover benefit payments.
Assumption Study	Termination, retirement, and merit salary increase rates are based on the same assumptions used in the Town of Narragansett Pension Plan actuarial valuation as of July 1, 2022, which are based on a study of actual experience for the plan from July 1, 2010 to July 1, 2020. Refer to the Appendix for sample rates.
Mortality	<p>Police and Fire employees and healthy retirees: SOA Pub-2010 Public Safety Headcount-Weighted Employee/Retiree Mortality Table projected fully generationally using Scale MP-2021.</p> <p>General employees and healthy retirees: SOA Pub-2010 General Headcount-Weighted Employee/Retiree Mortality Table projected fully generationally using Scale MP-2021.</p> <p>Disabled retirees: SOA Pub-2010 General/Public Safety Headcount-Weighted Disabled Retiree Mortality Table projected fully generationally using Scale MP-2021.</p> <p>Contingent survivors: SOA Pub-2010 Headcount-Weighted Contingent Survivors projected fully generationally using Scale MP-2021.</p>
Disability	None assumed.

Basis of Valuation

Actuarial Assumptions

A summary of the actuarial assumptions used for this valuation follows. We considered the reasonableness of each assumption independently based on its own merits, consistent with each other assumption, and the combined impact of all assumptions.

Assumption	Rates
Termination Rates	<p>General employees: A rate of 7.50% annually up to 10 years of service followed by rates in accordance with the T-2 Table of the Pension Actuary Handbook.</p> <p>Police and Fire employees: no withdrawal is assumed.</p>
Retirement Rates	
General Employees	<p>Local 1033 hired on/after 7/1/2014: 100% at the earlier of 25 years of service or age 58 with 10 years of service.</p> <p>Council 94 hired on/after 7/1/2014: 100% at the earlier of 25 years of service or age 65 with 10 years of service.</p> <p>All others: 25% at 20 years of service, 20% at 21 to 24 years of service, 100% at 25 years of service and 100% at age 58 with 10 years of service.</p>
Police and Fire Employees	<p>Police hired on/after 7/1/2013: 100% at the earlier of 25 years of service or age 58.</p> <p>Fire hired on/after 7/1/2013: 100% at 25 years of service.</p> <p>All others: 35% at 20 years of service, 20% at 21 to 24 years of service, 100% at 25 years of service and 100% at age 58.</p>
Aging or Morbidity Factors	Included in the claims costs.
Participant Contributions	Based on employee group as well as hired and retirement dates.
Salary Increases	4.00% The salary increase is used to determine the growth in the aggregate payroll. Merit salary increase rates are used to increase individual salaries with 4.00% being the minimum increase.
Inflation Rate	2.50%.
Participation	<p>Current Retirees: Current elections continue until Medicare eligibility and then 50% are assumed to drop coverage.</p> <p>Future Retiree election assumptions summarized below:</p>

Condition	Participation
Pre-Medicare	100%
Medicare	50%
Buyback	100%

Basis of Valuation

Actuarial Assumptions

A summary of the actuarial assumptions used for this valuation follows. We considered the reasonableness of each assumption independently based on its own merits, consistent with each other assumption, and the combined impact of all assumptions.

Assumption	Rates
Annual Per Capita Claims Cost	Developed using the Town’s health plan premium rates effective on July 1, 2023, aging factors based on the “Health Care Costs – From Birth to Death” research report authored by Dale H. Yamamoto, and the Town’s active and retiree subscriber enrollments.

Medical

Age	Healthmate		Classic/United		Healthmate250		HDHP	
	Males	Females	Males	Females	Males	Females	Males	Females
45	\$ 7,223	\$10,068	\$ 7,899	\$11,010	\$ 6,573	\$ 9,162	\$ 5,464	\$ 7,616
50	9,433	11,731	10,316	12,829	8,584	10,675	7,135	8,874
55	12,377	13,666	13,536	14,945	11,264	12,436	9,363	10,337
60	15,945	15,939	17,438	17,431	14,510	14,505	10,062	12,057
64	19,472	18,659	21,295	20,406	17,720	16,980	14,730	14,115
65	8,330	8,030	9,109	8,782	7,720	7,443	n/a	n/a
70	9,658	9,283	10,562	10,152	8,951	8,603	n/a	n/a
75	10,548	10,035	11,535	10,975	9,776	9,301	n/a	n/a
80	11,047	10,430	12,082	11,407	10,239	9,667	n/a	n/a
85	10,882	10,452	11,900	11,430	10,085	9,687	n/a	n/a
90	10,316	10,138	11,282	11,087	9,561	9,396	n/a	n/a

Age	Plan 65		Plan 65G	
	Males	Females	Males	Females
65	4,310	4,155	4,060	3,914
70	4,997	4,803	4,708	4,525
75	5,458	5,193	5,142	4,892
80	5,716	5,397	5,385	5,084
85	5,630	5,408	5,304	5,095
90	5,338	5,245	5,029	4,942

Dental

The annual employer subsidy for dental benefit is based on the annualized premium rates which are \$383 for single coverage and \$766 for 2-person coverage. These costs are assumed to increase with dental trend rates.

Basis of Valuation

Actuarial Assumptions

Assumption	Rates
Marital Status	Current Retirees: Actual spouse coverage is used. Future retirees: 65% are assumed to cover a spouse.
Spouse Gender	Assumes spouse of opposite gender for current and future retirees.
Spouse Age Difference	Actual spouse age is used for current retirees. Assumes males are three years older than females for future retirees.
Trend Rates	Medical long-term trends from Society of Actuaries "Long Term Healthcare Cost Trends Model v2023_1b" using baseline assumptions. Applied to both claims and premiums.

Calendar Year	Pre-Medicare	Medicare	Dental Trend
	Trend	Trend	
2023	7.00%	6.00%	3.00%
2024	6.50%	5.75%	3.00%
2025	6.20%	5.50%	3.00%
2026	5.60%	5.40%	3.00%
2027	5.46%	5.30%	3.00%
2028	5.32%	5.20%	3.00%
2029	5.18%	5.10%	3.00%
2030	5.04%	5.04%	3.00%
2031-2074
2075+	3.94%	3.94%	3.00%

This section includes a brief summary of GASB 75, as well as definitions of some of the key terminology used in this report.

About GASB 75

In General. In June 2015 the Governmental Accounting Standards Board released GASB 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. GASB 75 replaced GASB 45 for fiscal years beginning after June 15, 2017, for employers that sponsor OPEB plans. The provisions in GASB 75 are similar to the provisions of GASB 68 for pensions.

Accounting. GASB 75 requires a liability known as the Net OPEB Liability (NOL). The employer recognizes the NOL on its balance sheet. The employer also recognizes an OPEB expense in the income statement. GASB 45 recorded the Unfunded Accrued Actuarial Liability (UAAL) in the notes to the financial statement, whereas GASB 75 records the NOL, which is very similar to the UAAL with just a few technical differences, on the balance sheet.

Financial Statement Impact (Employers). One of the biggest changes to the financial statements of governmental employers that provide OPEB is the reporting of the OPEB liability on the face of the statements rather than in the footnotes. Governments that do not provide OPEB through a trust are required to recognize the entire OPEB liability in the financial statements. For governments that provide OPEB through an OPEB plan that is administered through a trust, the government’s OPEB liability is recognized net of the amount of the OPEB plan’s fiduciary net position.

Changes to the Measurement of the Total OPEB Liability. Measurement of the OPEB liability includes discounting future benefit payments for current and former employees and their beneficiaries to their present value and allocating the present value over past and future periods of the employee service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. The calculation continues to include employee-related events, such as projected salary increases and projected years of service, if they affect the amount of OPEB payments employees will receive, as well as provisions for automatic cost-of-living adjustments (COLAs) and other automatic benefits. Additionally, ad hoc COLAs and other ad hoc benefit changes, which are made at the discretion of the government, are included in projections as well, if they routinely recur.

GASB 75 requires governments to discount projected OPEB payments to their present value. Under the new standard, governments discount the projected OPEB payments to be made in each year and the amount of plan assets (if a government administers the OPEB through a trust) available for providing those benefits to current active and inactive employees and their beneficiaries. Similar to the pension standards, the discount rate used is based on whether the plan assets are projected to be sufficient to make future payments. If the plan assets are sufficient, governments discount future payments using the long-term expected rate of return. If projected plan assets are insufficient to make all future payments to current and inactive employees and their beneficiaries, or if there are no plan assets held in trust, the discount rate is based on a high-quality 20-year tax-exempt general obligation municipal bond yield or index rate. “High-quality” is defined as being rated AA or higher (or an equivalent rating).

Cost Method. The Entry Age Normal Cost method must be used.

About GASB 75 (continued)

Factors that affect a government's OPEB liability, such as actual earnings on plan investments when the OPEB plan is administered as a trust, employee compensation changes, interest on the outstanding OPEB liability, contributions from employees and employers, and actual demographic and economic changes that are not in line with assumptions made in the actuarial calculations, are considered when determining the government's OPEB expense. A government's annual OPEB expense is calculated with consideration for factors affecting the OPEB liability within the reporting period. Several causes of changes in OPEB liability are immediately factored into the calculation of OPEB expense for the period, such as benefits earned each year, interest on the total OPEB liability, changes in benefit terms, and projected earnings on plan investments, if administered through a trust.

Governments are required to recognize deferred outflows of resources or deferred inflows of resources and then introduce into the expense calculation, systematically and rationally over the average remaining years of employment (active employees and inactive employees, including retirees), the effect on the total OPEB liability of differences between assumptions and actual experience.

Key Terminology

Actuarially Determined Contribution	A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Actuarial Present Value of Projected Benefit Payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Agent Employer	An employer whose employees are provided with OPEB through an agent multiple-employer defined-benefit OPEB plan.
Closed Period	A specific number of years that is counted from one date, which declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth until no years remain.
Contributions	Additions to an OPEB plan's fiduciary net position for amounts from employers, non-employer contributing entities, or employees.
Dates and Periods	
• Census Date	The date of the census. It is usually the same as the Valuation Date .
• Measurement Date	The date on which assets are measured. The liabilities are rolled forward to this date from the Valuation Date , should it differ, using actuarial roll-forward techniques.
• Measurement Period	The year ending on the Measurement Date .
• Report Date	The date on which the amounts are reported in the financial statements. It is the same as the fiscal year-end. It may be up to one year ahead of the Measurement Date , with no roll-forward of liabilities or assets required.
• Reporting Period	The year ending on the Report Date . It is the same as the fiscal year.
• Valuation Date	The date on which the liabilities are valued.
Deferred Inflows and Outflows of Resources	The portion of the changes in the Net OPEB Liability that are not recognized in the current pension expense and are recognized in later periods. The changes deferred include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on OPEB plan investments.

Key Terminology (continued)

Defined-Benefit OPEB	OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount (b) an amount that is calculated based on one or more factors such as age, years of service, and compensation, or (c) a type or level of coverage such as prescription drug coverage or a percentage of health insurance premiums. OPEB that does not have all of the terms of defined contribution OPEB is classified as defined-benefit OPEB.
Discount Rate	The single rate of return that reflects the following: a. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return. b. 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 scale), to the extent that the conditions in (a) are not met.
Fiduciary Net Position	The market value of assets as of the Measurement Date .
Implicit Subsidy	The implicit subsidy arises when an employer allows a retiree and the retiree's dependents to continue on the plans for active employees, and pay the active-employee premiums. Retirees are not paying the true cost of their benefits because they have higher costs than active employees, and therefore are partially subsidized by the active employees. Once a retiree reaches Medicare eligibility, the rates are set for Medicare retirees separately, and are set to be sufficient to cover the true costs of the Medicare retirees. Thus, there is no implicit subsidy for Medicare retirees.
Net OPEB Liability	The Total OPEB Liability minus the Fiduciary Net Position .
Normal Cost	See Service Cost .
Other Postemployment Benefits (OPEB)	Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payment for sick leave.
Projected Benefit Payments	All benefits estimated to be payable through OPEB plan to current active and inactive employees as a result of their past service and their expected future service.

Key Terminology (continued)

Service Cost	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years. Also called Normal Cost .
Substantive Plan	The plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees.
Total OPEB Liability	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined-benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Appendix

Decrement Tables

Termination, retirement and merit salary increase rates are based on the same assumptions used in the Town of Narragansett Pension Plan actuarial valuation as of July 1, 2022, which are based on a study of actual experience for the plan from July 1, 2010 to July 1, 2020. Sample rates are shown below for tables that were not fully described earlier in the report.

Termination Rates

Age	Service	
	<10	>10
20	0.0750	0.0544
25	0.0750	0.0529
30	0.0750	0.0507
35	0.0750	0.0470
40	0.0750	0.0350
45	0.0750	0.0177
50	0.0750	0.0000

Salary Increase Rates

Age	Rate
20	0.1000
25	0.0800
30	0.0600
35	0.0500
40	0.0450
45	0.0425
50	0.0425
55	0.0400