

Town of Atherton

GASB 75 Disclosures for Fiscal Year Ending June 30, 2022
Based on OPEB Valuation as of June 30, 2022

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GovInvest
The Financial Forecasting Authority

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Actuarial Certification

Mr. Robert Barron III
Town of Atherton
80 Fair Oaks Lane, 1st Floor
Atherton, CA 94027

GovInvest has been engaged by Town of Atherton to complete an actuarial valuation of the Town of Atherton OPEB Plan as of June 30, 2022 which will be used as the basis of the financial accounting disclosure for fiscal year ending June 30, 2022 in accordance with GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions).

The purpose of this report is to provide the Town with the recommended contributions and required information needed for financial statement disclosure purposes. The use of this report for any other purpose may not be appropriate. The content of this report may not be modified, reproduced, or provided to third parties, either in whole or in part, without our permission. GovInvest is not responsible for usage, inference, or misinterpretation of this report by third parties.

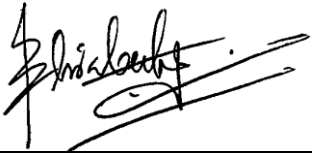
Results presented in this report are based on the census data, substantive plan provisions, and healthcare cost information provided by the Town and/or their benefit consultants. All information provided has been reviewed for reasonableness and clarifications or corrections have been requested where appropriate. We have not audited the information at the source, and therefore, do not accept responsibility for the accuracy or completeness of the data on which the information is based. Assumptions made related to missing data have been identified in this report. We are satisfied that the information provided is suitable and sufficient for the purpose of the measurement.

The valuation results were prepared using leased actuarial modeling software that produces results consistent with the purpose of this valuation and meet applicable regulatory requirements. The vendor is responsible for the development, maintenance, and improvement of these models. The models include comprehensive technical documentations that outline how the calculations are performed along with sample life outputs that allow the users to confirm with high degree of accuracy how the programmed benefit is applied to an individual with the proposed decrements and other assumptions. The actuarial team loads the participant data, programs the benefit provisions and proposed assumptions into the model and review sample life outputs and results under the supervision of credentialed actuaries who are proficient users of the software. We are not aware of any material limitations in the model nor any material inconsistencies in the assumptions used within the model.

The discount rate, other economic, and demographic assumptions have been selected by the Town with our recommendations and concurrence. We believe each assumption is reasonable based on its own merits and in combination represent reasonable expected experience of the Plan. All calculations have been completed in accordance with generally accepted actuarial principles and practices.

Future actuarial measurements may differ significantly from current measurements due to factors such as actual plan experience that differs from that anticipated by the economic and demographic assumptions as well as changes in future assumptions, substantive plan provisions, and/or applicable law. We have not analyzed the potential range of such differences due to the limited scope of our engagement. To our knowledge, there are no significant events prior to the current year's Measurement Date or as of the date of this report that may materially affect the results presented herein.

The undersigned meets the General Qualification Standards of the American Academy of Actuaries for the purpose of issuing Statement of Actuarial Opinion in the United States. Neither GovInvest nor any of its employees have any relationship with the Plan Sponsor that could impair or appear to impair the objectivity of this report.



Evi Laksana, ASA, MAAA
September 30, 2022

Section 1: Executive Summary

Town of Atherton (the “Town”) sponsors a single-employer defined benefit OPEB plan that provides medical and prescription drug coverage at retirement. Employees may continue health coverage with the Town at retirement for themselves, their spouses, and dependents for life once they meet certain eligibility requirements and as long as required contributions are made.

The results presented in this report are based on the June 30, 2022 valuation with liabilities and assets measured as of June 30, 2022, for use in the Town’s accrual-based financial statement for the fiscal year ending June 30, 2022. The June 30, 2022 valuation uses census data of (a) active employees who will be eligible to receive benefits in the future and (b) existing retirees who are currently receiving these benefits as of June 30, 2022, as well as healthcare cost information effective on January 1, 2022 provided by the Plan Sponsor and/or their healthcare consultant.

The actuarial valuation is based on substantive plan provisions outlined in Section 6. The valuation requires assumptions which are listed in Section 7. Results from the June 30, 2022 valuation may be rolled-forward for use in the Plan Sponsor’s accrual-based financial statement disclosure for the fiscal year ending June 30, 2023 assuming that there are no material changes to the substantive plan provisions and/or the covered population.

The Plan Sponsor’s next full valuation is as of June 30, 2024 with liabilities and assets measured as of June 30, 2024 for reporting in the Plan Sponsor’s accrual-based financial statements for the fiscal year ending June 30, 2024.

Changes Since Prior Valuation

The Town’s Net OPEB Liability has decreased from \$133,190 as of June 30, 2021 to \$(93,344) as of June 30, 2022, which is attributable to a combination of the following factors:

1. Less favorable actual asset performance compared to expected.
2. More favorable actual demographic experience and lower healthcare cost increase than expected that caused a liability decrease.
3. Assumption changes as outlined in Section 7 as well as changes in actuarial methodology due to changes in actuary that produces a slight net liability decrease.

Summary of Results

Presented below is the summary of results for the current fiscal year compared to the prior fiscal year.

Fiscal Years	2021/22	2020/21
Valuation Date (VD)	June 30, 2022	June 30, 2020
Measurement Date (MD)	June 30, 2022	June 30, 2021
Membership Data as of Valuation Date		
Inactive employees or beneficiaries currently receiving benefits ¹	41	61
Inactive employees entitled to but not yet receiving benefits	0	0
Active employees	39	36
Total membership	80	97
Discount Rate at Measurement Date		
Municipal Bond Index Rate	4.09%	2.16%
Long-term Expected Asset Return	6.00%	5.39%
Year in which Fiduciary Net Position is projected to be depleted	N/A	N/A
Single Equivalent Discount Rate (SEDR)	6.00%	5.39%
Net OPEB Liability as of Measurement Date		
Total OPEB Liability (TOL)	\$ 7,736,578	\$ 8,999,682
Fiduciary Net Position (FNP)	(7,829,922)	(8,866,492)
Net OPEB Liability (NOL = TOL – FNP)	\$ (93,344)	\$ 133,190
Funded Status (FNP / TOL)	101.2%	98.5%

¹ Prior year inactive employees or beneficiaries currently receiving benefits enrollment includes 41 retirees and 20 spouses. Current year inactive employees or beneficiaries currently receiving benefits enrollment includes 41 retirees only and excludes spouses covered under the plan to comply with GASB requirements on enrollment reporting.

Fiscal Years	2021/22	2020/21
Valuation Date (VD)	June 30, 2022	June 30, 2020
Measurement Date (MD)	June 30, 2022	June 30, 2021
OPEB Expense / (Income) by Fiscal Year	\$ (609,815)	\$ (452,878)
Balance of unamortized Deferred Inflows at MD	\$ (3,612,875)	\$ (4,091,369)
Balance of unamortized Deferred Outflows at MD	\$ 895,117	\$ 396,269
Actuarially Determined Contribution by Fiscal Year²	\$ 519,144	\$ 465,571

² Actuarially Determined Contribution (ADC) for FY 2020/21 is as shown in the Town of Atherton GASB 75 OPEB Valuation Report for Disclosures for the fiscal year ending June 30, 2021 prepared by Precision Actuarial Inc. dated 10/6/2021. ADC for FY 2021/22 is from the same report but with revised amortization of the Net OPEB Liability based on level % of pay amortization method using 5.39% discount rate, 2.75% payroll growth, and 16 years amortization period.

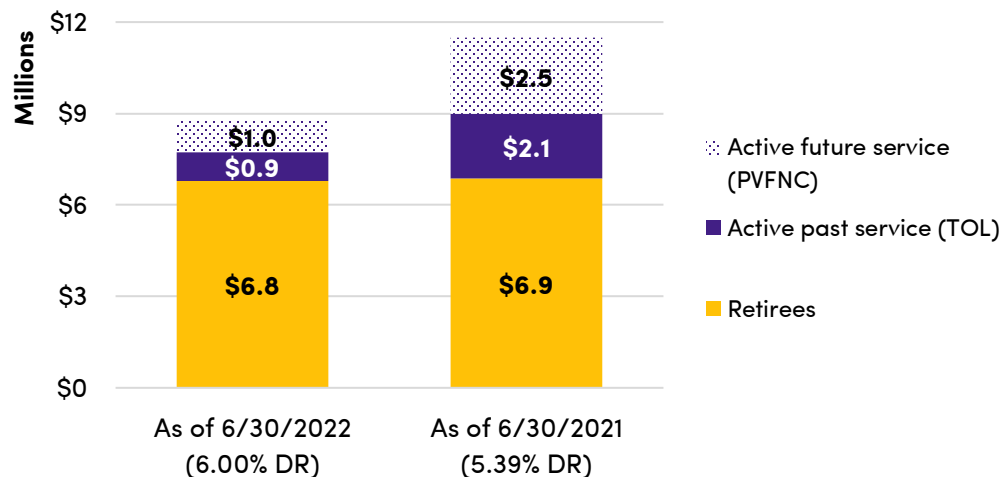
Below is a breakdown of the OPEB liability allocated to past and current service as of the Measurement Date compared to the prior Measurement Date. The liability below includes explicit subsidy (if any) and implicit subsidy. Refer to the Substantive Plan Provisions section for complete information on the Town benefit provisions.

Present Value of Future Benefits (PVFB)	As of June 30, 2022	As of June 30, 2021
Active employees	\$ 1,961,954	\$ 4,608,699
Retired employees	6,795,812	6,877,755
Total PVFB	\$ 8,757,766	\$ 11,486,454

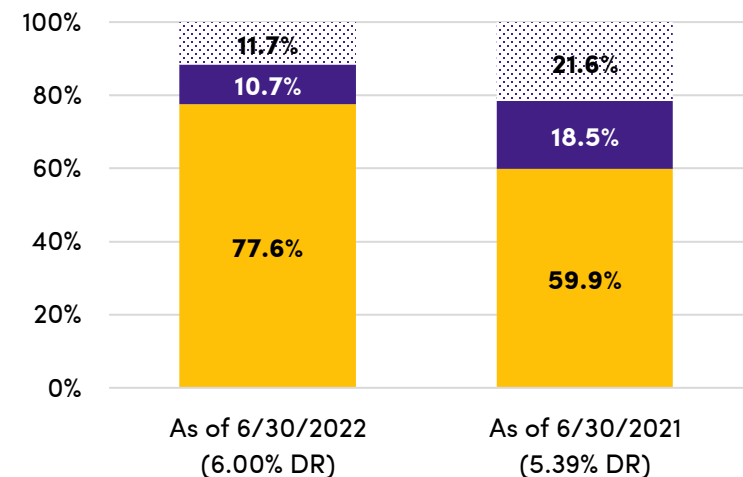
Total OPEB Liability (TOL)	As of June 30, 2022	As of June 30, 2021
Active employees	\$ 940,766	\$ 2,121,927
Retired employees	6,795,812	6,877,755
Total TOL	\$ 7,736,578	\$ 8,999,682

	As of June 30, 2022	As of June 30, 2021
Discount Rate	6.00%	5.39%

OPEB Liability Breakdown (\$)

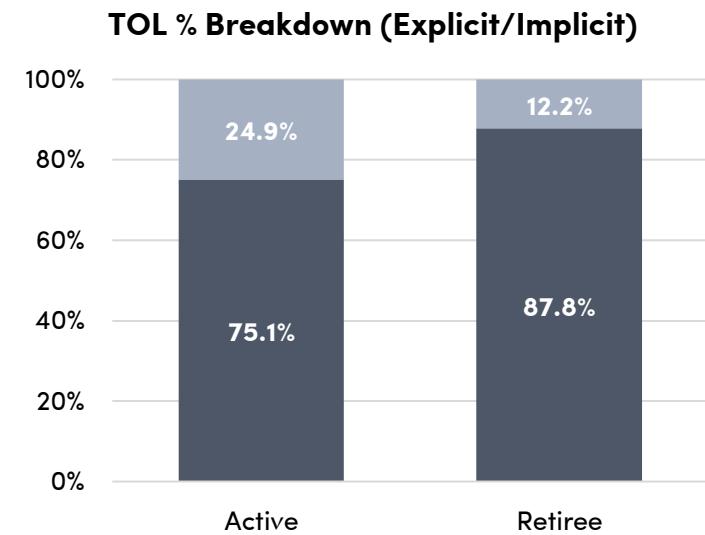
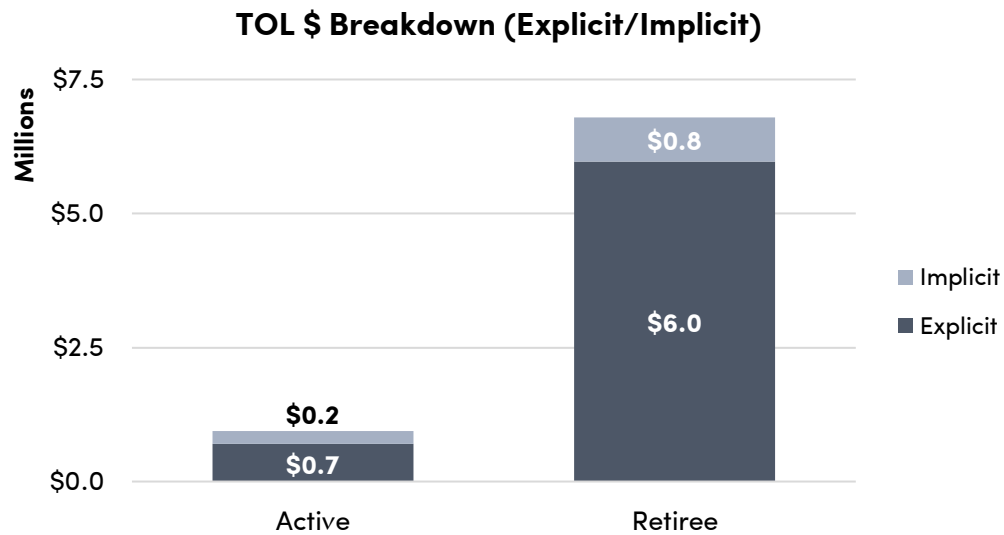


OPEB Liability Breakdown (%)



Below is a breakdown of the Total OPEB Liability as of the Measurement Date, shown separately for explicit and implicit subsidy.

Total OPEB Liability (TOL)	As of June 30, 2021		
	Explicit	Implicit	Total
Active employees	\$ 706,460	\$ 234,306	\$ 940,766
Retired employees	5,965,211	830,601	6,795,812
Total TOL	\$ 6,671,671	\$ 1,064,907	\$ 7,736,578



Section 2: Financial Disclosures

This section provides the necessary accounting disclosures for the Town's financial reports as shown in the following tables:

Table 1: Plan Demographics

Table 2: Brief Summary of Assumptions

Table 3: OPEB Expense

Table 4: Net OPEB Liability Sensitivity (Discount Rate)

Table 5: Net OPEB Liability Sensitivity (Healthcare Trend Rates)

Table 6: Historical Deferred Inflows and Outflows

Table 7: Unamortized Balance of Deferred Inflows and Outflows

Table 8: Schedule of Future Amortization of Deferred Inflows and Outflows

Summary of Membership and Assumptions

The table below shows the number of employees covered by the benefit terms as of June 30, 2022.

Table 1 - Plan Demographics

Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	0
Active employees	39
Total membership	80

The Total OPEB Liability (TOL) as of June 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. For a complete list of assumptions, refer to Section 7.

Table 2 - Brief Summary of Assumptions

Inflation	2.50%
Payroll growth	2.80% wage inflation plus seniority, merit, and promotion salary increases based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021
Investment rate of return	6.00%
Discount rate	6.00%
Healthcare trend rates	Based on 2022 Getzen model that reflects actual premium increases from 2022 to 2023 ³ followed by 6.50% non-Medicare / 5.40% Medicare in 2023, decreasing gradually to an ultimate rate of 3.94% by 2075

³ Actual premium increases from 2022 to 2023 used in the valuation are as follows:

	APOA			Confidential / Teamsters			Management		
	Active	Retirees <65*	Retirees 65+*	Active	Retirees <65*	Retirees 65+*	Active	Retirees <65*	Retirees 65+*
Non-Medicare	6.90%	6.60%	N/A	2.00%	11.50%	N/A	9.10%	-2.40%	N/A
Medicare	-0.80%	2.20%	3.90%	-0.40%	5.30%	5.70%	5.10%	6.20%	5.50%

* Retiree <65 / Retirees 65+ refer to retirees who are under the age of 65 and retirees age 65 and older as of the Valuation Date respectively.

OPEB Expense

The table below shows a comparison of the OPEB Expense recognized by the Town for the current and prior fiscal years.

Table 3 - OPEB Expense

Fiscal Years	2021/22	2020/21
SEDR as of beginning of year	5.39%	6.00%
SEDR as of end of year	6.00%	5.39%
Service Cost	\$ 261,221	\$ 215,662
Interest on TOL and Service Cost	483,322	622,420
Changes of benefit terms	0	0
Projected earnings on OPEB Plan investments	(476,574)	(397,936)
OPEB Plan administrative expenses net of all revenues	48,456	44,195
Current period recognition of Deferred Inflows / Outflows of Resources		
Difference between expected and actual experience in the TOL	\$ (284,532)	\$ (4,364)
Changes of assumptions or other inputs	(744,067)	(742,585)
Net difference between the projected and actual earnings on OPEB Plan investments	102,359	(190,270)
Other	0	0
Total current period recognition	\$ (926,240)	\$ (937,219)
OPEB Expense / (Income)	\$ (609,815)	\$ (452,878)

Schedule of Changes in Net OPEB Liability

Fiscal Year Ending June 30	2022	2021	2020	2019	2018
Measurement Period Ending June 30	2022	2021	2020	2019	2018
Total OPEB Liability (TOL)					
Service Cost	\$ 261,221	\$ 215,662	\$ 175,867	\$ 167,493	\$ 257,258
Interest on TOL and Service Cost	483,322	622,420	623,286	610,002	755,515
Changes of benefit terms	0	0	0	0	0
Difference between expected & actual experience	(1,404,646)	(18,835)	558,111	(11,091)	(574,495)
Changes of assumptions or other inputs	(7,409)	(1,698,656)	(849,626)	0	(2,299,690)
Benefit payments	(595,592) ⁴	(557,849)	(557,747)	(549,101)	(401,170)
Net change in TOL	\$ (1,263,104)	\$ (1,437,258)	\$ (50,109)	\$ 217,303	\$ (2,262,582)
TOL – beginning	\$ 8,999,682	\$ 10,436,940	\$ 10,487,049	\$ 10,269,746	\$ 12,532,328
TOL – ending	\$ 7,736,578	\$ 8,999,682	\$ 10,436,940	\$ 10,487,049	\$ 10,269,746
Plan Fiduciary Net Position (FNP)					
Contributions – employer	\$ 594,061	\$ 704,530	\$ 763,648	\$ 747,885	\$ 493,288
Contributions – employees	0	0	0	0	0
Benefit payments	(595,592)	(557,849)	(557,747)	(549,101)	(401,170)
Net investment income	(986,583)	1,432,366	322,036	417,827	326,600
Trust administrative expenses	(48,456)	(44,195)	(38,683)	(33,395)	(15,183)
Net change in Plan FNP	\$ (1,036,570)	\$ 1,534,852	\$ 489,254	\$ 583,216	\$ 403,535
FNP – beginning	\$ 8,866,492	\$ 7,331,640	\$ 6,842,386	\$ 6,259,170	\$ 5,855,635
FNP – ending	\$ 7,829,922	\$ 8,866,492	\$ 7,331,640	\$ 6,842,386	\$ 6,259,170
Net OPEB Liability – ending	\$ (93,344)	\$ 133,190	\$ 3,105,300	\$ 3,644,663	\$ 4,010,576
FNP as % of TOL	101.2%	98.5%	70.2%	65.2%	60.9%
Covered-employee payroll – measurement period	\$ 5,142,900	\$ 4,410,693	\$ 4,983,389	\$ 4,799,843	\$ 4,648,758
NOL as % of covered payroll	-1.8%	3.0%	62.3%	75.9%	86.3%

⁴ Based on \$444,395 disbursements shown in the PARS asset statement for the year ending June 30, 2022 and estimated implicit subsidy payment of \$151,197.

Schedule of Employer Contribution

Fiscal Year Ending	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 519,144	\$ 465,571	\$ 435,103	\$ 419,511	\$ 693,890
Contributions in relation to the ADC	\$ 594,061	\$ 704,530	\$ 763,648	\$ 833,381	\$ 493,288
Contribution deficiency / (excess)	\$ (74,917)	\$ (238,959)	\$ (328,545)	\$ (413,870)	\$ 200,602
Covered-employee payroll – employer fiscal year	\$ 5,142,900	\$ 4,410,693	\$ 4,983,389	\$ 4,799,843	\$ 4,648,758
Contributions as a % of covered-employee payroll	11.6%	16.0%	15.3%	17.4%	10.6%

Net OPEB Liability Sensitivity

The following presents the Net OPEB Liability of the Town, as well as what the Town's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of June 30, 2022.

Table 4 - Net OPEB Liability Sensitivity (Discount Rate)

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability / (Asset)	\$ 787,752	\$ (93,344)	\$ (826,812)

The following presents the Net OPEB Liability of the Town, as well as what the Town's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of June 30, 2022.

Table 5 - Net OPEB Liability Sensitivity (Healthcare Trend Rates)

	1% Decrease	Healthcare Trend Rates ⁵	1% Increase
Net OPEB Liability / (Asset)	\$ (823,843)	\$ (93,344)	\$ 765,268

⁵ Comparison of Baseline, 1% Decrease and 1% Increase in healthcare trend rates assumptions are as shown below. For actual increases from 2022 to 2023 used in the valuation, refer to the Trend Rates section in Section 7.

1% Decrease	Baseline	1% Increase
Actual increases from 2022 to 2023 less 1% followed by 5.50% non-Medicare / 4.40% Medicare in 2023, decreasing gradually to 2.94% ultimate rate	Actual increases from 2022 to 2023 followed by 6.50% non-Medicare / 5.40% Medicare in 2023, decreasing gradually to 3.94% ultimate rate	Actual increases from 2022 to 2023 plus 1% followed by 7.50% non-Medicare / 6.40% Medicare in 2023, decreasing gradually to 4.94% ultimate rate

Deferred Inflows and Deferred Outflows of Resources Related to OPEB

The tables below show changes in the Net OPEB Liability that have not been included in the OPEB expense for the following items:

1. Differences between expected and actual experience of the OPEB plan
2. Changes in assumptions
3. Differences between projected and actual earnings on the OPEB plan investments

The initial amortization base for the first two items above are amortized linearly over the average expected remaining service lives of active and inactive employees. The difference between projected and actual earnings on the OPEB plan investments is amortized linearly over five years.

Table 6 - Historical Deferred Inflows and Outflows

Differences between expected and actual experience

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2022	Unamortized Balance as of June 30, 2022
6/30/2018	6/30/2018	\$ (574,495)	7.30	\$ (78,958)	\$ (394,790)	\$ (179,705)
6/30/2019	6/30/2019	\$ (11,091)	3.70	\$ (2,202)	\$ (11,091)	\$ 0
6/30/2020	6/30/2020	\$ 558,111	6.90	\$ 80,921	\$ 242,763	\$ 315,348
6/30/2021	6/30/2021	\$ (18,835)	5.60	\$ (3,364)	\$ (6,728)	\$ (12,107)
6/30/2022	6/30/2022	\$ (1,404,646)	5.00	\$ (280,929)	\$ (280,929)	\$ (1,123,717)

Changes in assumptions or other inputs

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2022	Unamortized Balance as of June 30, 2022
6/30/2018	6/30/2018	\$ (2,299,690)	7.30	\$ (316,065)	\$ (1,580,325)	\$ (719,365)
6/30/2019	6/30/2019	\$ 0	3.70	\$ 0	\$ 0	\$ 0
6/30/2020	6/30/2020	\$ (849,626)	6.90	\$ (123,188)	\$ (369,564)	\$ (480,062)
6/30/2021	6/30/2021	\$ (1,698,656)	5.60	\$ (303,332)	\$ (606,664)	\$ (1,091,992)
6/30/2022	6/30/2022	\$ (7,409)	5.00	\$ (1,482)	\$ (1,482)	\$ (5,927)

Differences between projected and actual earnings on OPEB plan investments

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2022	Unamortized Balance as of June 30, 2022
6/30/2018	6/30/2018	\$ 27,013	5.00	\$ 5,401	\$ 27,013	\$ 0
6/30/2019	6/30/2019	\$ (37,387)	5.00	\$ (7,477)	\$ (29,908)	\$ (7,479)
6/30/2020	6/30/2020	\$ 93,450	5.00	\$ 18,690	\$ 56,070	\$ 37,380
6/30/2021	6/30/2021	\$ (1,034,430)	5.00	\$ (206,886)	\$ (413,772)	\$ (620,658)
6/30/2022	6/30/2022	\$ 1,463,157	5.00	\$ 292,631	\$ 292,631	\$ 1,170,526

The table below shows the unamortized balance of Deferred Inflows and Outflows of Resources as of June 30, 2022 for financial statement disclosure for the fiscal year ending June 30, 2022.

Table 7 - Unamortized Balance of Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 315,348	\$ (1,315,529)
Changes in assumptions or other inputs	0	(2,297,346)
Net difference between projected and actual earnings on OPEB plan investments	579,769	0
Employer contribution subsequent to the Measurement Date	0	0
Total	\$ 895,117	\$ (3,612,875)

Schedule of future annual amortizations of Deferred Inflows and Outflows that will be recognized in future OPEB expense is as shown below.

Table 8 - Schedule of Future Deferred Inflows and Outflows Amortization

Measurement Period Ending	Amounts
2023	\$ (929,441)
2024	\$ (921,962)
2025	\$ (654,653)
2026	\$ (211,702)
2027	\$ 0
Thereafter	\$ 0

Section 3: Asset Information

Funding Policy

The Town has an OPEB Trust that is invested in the Public Agency Retirement Services (PARS) under the Moderate Investment Objective, which is a qualified irrevocable trust. The Town's funding policy is to contribute the implicit subsidy amount to the Trust or the Actuarially Determined Contribution⁶.

Asset Breakdown⁷

As of	June 30, 2022	June 30, 2021
Assets		
Cash and cash equivalents	\$ 391,496	\$ 443,325
Investments		
Equity	\$ 3,777,937	\$ 4,278,082
Fixed income	3,523,465	3,989,921
Real estate	137,024	155,164
Total investments	\$ 7,438,426	\$ 8,423,167
Total assets	\$ 7,829,922	\$ 8,866,492
Liabilities		
Accounts payable	\$ 0	\$ 0
Total liabilities	\$ 0	\$ 0
Net asset available for benefits	\$ 7,829,922	\$ 8,866,492

⁶ The Town has historically contributed more than 100% of the ADC to the Plan through a combination of retiree healthcare expenses paid from outside of the Trust and deposit made to the Trust.

⁷ Asset breakdown by investment class is based on the target allocation for PARS Moderate Investment Objective for both measurement periods.

Reconciliation of Assets

Measurement Periods	2021/22	2020/21
Additions		
Contributions received		
Employer	\$ 442,864	\$ 566,672
Employees	0	0
Total contributions	\$ 442,864	\$ 566,672
Implicit subsidy credit	151,197	137,858
Investment income		
Interest and dividend	\$ 0	\$ 0
Net increase/(decrease) in fair value of investments	(986,583)	1,432,366
Accrued income	0	0
Investment expense	0	0
Net investment income	\$ (986,583)	\$ 1,432,366
Total additions	\$ (392,522)	\$ 2,136,896
Deductions		
Benefit payments net of retiree contributions	\$ (444,395)	\$ (419,991)
Implicit subsidy portion of benefit payments	(151,197)	(137,858)
Administrative expenses	(48,456)	(44,195)
Total deductions	\$ (644,048)	\$ (602,044)
Change in net position	\$ (1,036,570)	\$ 1,534,852
Net position – beginning of year	\$ 8,866,492	\$ 7,331,640
Net position – end of year	\$ 7,829,922	\$ 8,866,492

Section 4: Actuarially Determined Contribution

Actuarially Determined Contribution (ADC) is the recommended contribution that, if paid on an ongoing basis, is expected to provide sufficient resources to fund (a) future normal cost (cost for new service) and (b) the amortized unfunded liabilities (cost for past service). There is no requirement to fund OPEB benefit under GASB 75 and it is up to the Plan Sponsor's discretion to determine the OPEB contributions based on their fiscal situation.

Contribution Years	2022/23	2023/24
Funding discount rate	6.00%	6.00%
Amortization method	Level % of Pay	Level % of Pay
Payroll growth	2.80%	2.80%
Amortization period	15 years	14 years
Actuarial Accrued Liability (AAL) – beginning of year ⁸	\$ 7,736,578	\$ 7,713,461
Actuarial Value of Assets (AVA) – beginning of year ⁹	(7,829,922)	(7,807,364)
Unfunded AAL (UAAL) – beginning of year	\$ (93,344)	\$ (93,903)
Normal Cost – beginning of year	\$ 105,341	\$ 101,769
Amortization of UAAL – beginning of year	(7,645)	(8,124)
Total Normal Cost and amortization of UAAL	\$ 97,696	\$ 93,645
Interest adjustment for end of year payment	5,862	5,619
Administrative expenses	39,150	39,037
Actuarially Determined Contribution (ADC)	\$ 142,708	\$ 138,301
Expected benefit payments	\$ 581,774	\$ 558,651

⁸ Fiscal year 2022/23 AAL as of beginning of year is based on June 30, 2022 OPEB valuation. Fiscal year 2023/24 AAL as of beginning of year is based on June 30, 2022 OPEB valuation projected to June 30, 2023 on a "no gain/loss" basis.

⁹ Fiscal year 2022/23 AVA as of beginning of year is based on market value of assets as of June 30, 2022. Fiscal year 2023/24 AVA as of beginning of year is projected from June 30, 2022 market value of asset assuming 6.00% investment income in FY 2022/23, Town contribution equals to the Actuarially Determined Contribution (\$142,708 in FY 2022/23), and 0.50% Trust investment expense applied to the beginning of year asset balance.

Section 5: Projected Benefit Payments

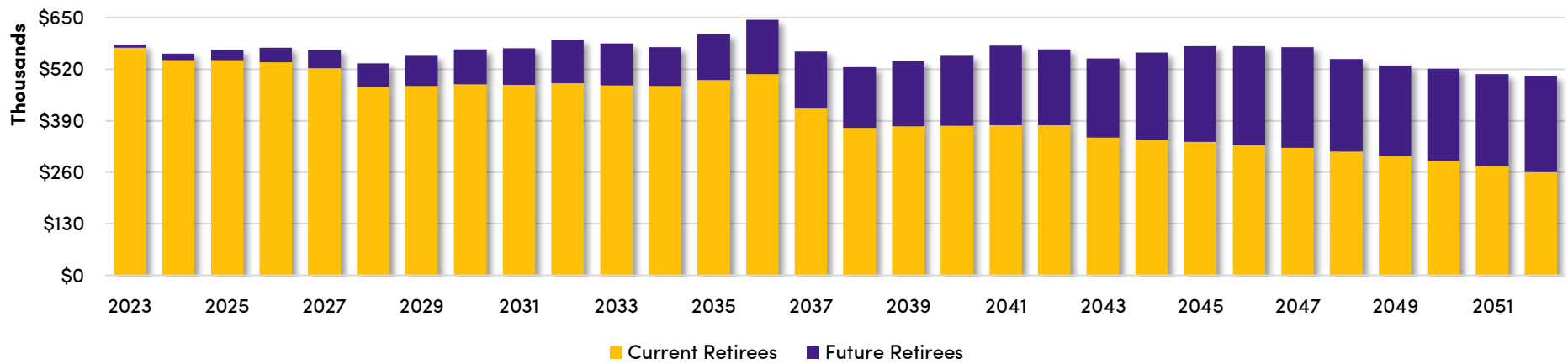
The below table shows the projected benefit payments for the next 30 years for a closed group of participants (both active employees and existing retirees) who are included in the census data as of June 30, 2022. This exhibit is provided for informational purposes only and is not a required disclosure under GASB 75. Projected benefit payments below include both explicit (if any) and implicit subsidies (as applicable).

FYE	Future Retirees	Current Retirees	Total
2023	\$ 8,294	\$ 573,480	\$ 581,774
2024	\$ 16,327	\$ 542,324	\$ 558,651
2025	\$ 25,526	\$ 542,467	\$ 567,993
2026	\$ 36,647	\$ 536,585	\$ 573,232
2027	\$ 46,512	\$ 522,510	\$ 569,022
2028	\$ 59,893	\$ 474,361	\$ 534,254
2029	\$ 76,586	\$ 477,535	\$ 554,121
2030	\$ 88,646	\$ 481,027	\$ 569,673
2031	\$ 91,862	\$ 480,847	\$ 572,709
2032	\$ 109,595	\$ 484,745	\$ 594,340

FYE	Future Retirees	Current Retirees	Total
2033	\$ 105,025	\$ 479,019	\$ 584,044
2034	\$ 98,429	\$ 477,259	\$ 575,688
2035	\$ 114,488	\$ 492,655	\$ 607,143
2036	\$ 137,419	\$ 507,584	\$ 645,003
2037	\$ 144,584	\$ 420,315	\$ 564,899
2038	\$ 153,558	\$ 371,988	\$ 525,546
2039	\$ 164,802	\$ 375,172	\$ 539,974
2040	\$ 175,303	\$ 377,528	\$ 552,831
2041	\$ 200,780	\$ 378,712	\$ 579,492
2042	\$ 190,594	\$ 378,693	\$ 569,287

FYE	Future Retirees	Current Retirees	Total
2043	\$ 199,595	\$ 347,372	\$ 546,967
2044	\$ 219,397	\$ 342,371	\$ 561,768
2045	\$ 241,831	\$ 336,156	\$ 577,987
2046	\$ 249,364	\$ 329,017	\$ 578,381
2047	\$ 254,208	\$ 320,973	\$ 575,181
2048	\$ 233,182	\$ 311,848	\$ 545,030
2049	\$ 227,546	\$ 301,159	\$ 528,705
2050	\$ 231,725	\$ 289,070	\$ 520,795
2051	\$ 232,760	\$ 275,176	\$ 507,936
2052	\$ 241,922	\$ 260,896	\$ 502,818

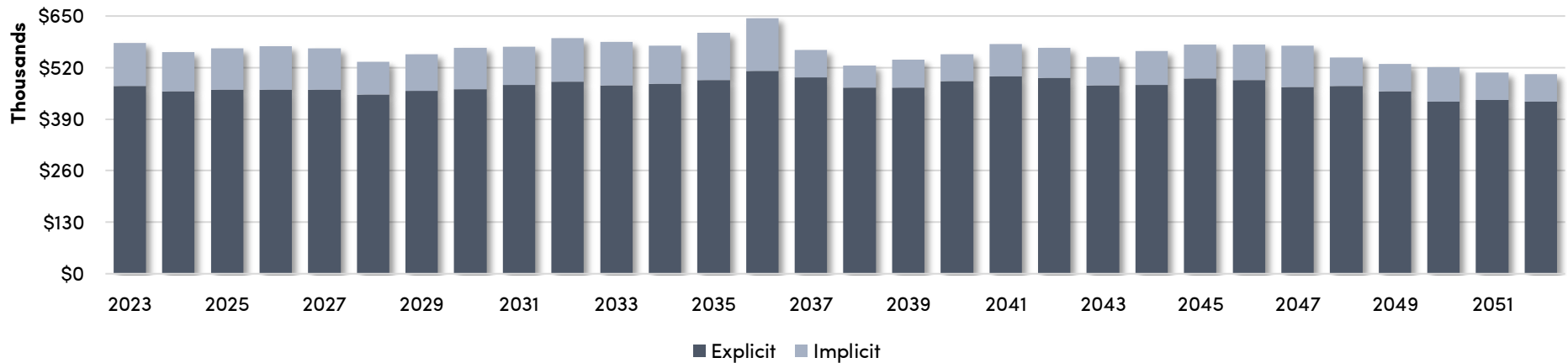
Projected Benefit Payments



The following table splits the projected benefit payments for the next 30 years between the explicit and implicit subsidies for a closed group of participants (both active employees and existing retirees) who are included in the census data as of June 30, 2022.

FYE	Explicit	Implicit	Total	FYE	Explicit	Implicit	Total	FYE	Explicit	Implicit	Total
2023	\$ 473,874	\$ 107,900	\$ 581,774	2033	\$ 475,040	\$ 109,004	\$ 584,044	2043	\$ 474,388	\$ 72,579	\$ 546,967
2024	\$ 460,370	\$ 98,281	\$ 558,651	2034	\$ 478,644	\$ 97,044	\$ 575,688	2044	\$ 475,807	\$ 85,961	\$ 561,768
2025	\$ 463,541	\$ 104,452	\$ 567,993	2035	\$ 489,083	\$ 118,060	\$ 607,143	2045	\$ 492,828	\$ 85,159	\$ 577,987
2026	\$ 463,896	\$ 109,336	\$ 573,232	2036	\$ 512,124	\$ 132,879	\$ 645,003	2046	\$ 488,334	\$ 90,047	\$ 578,381
2027	\$ 464,106	\$ 104,916	\$ 569,022	2037	\$ 494,638	\$ 70,261	\$ 564,899	2047	\$ 470,926	\$ 104,255	\$ 575,181
2028	\$ 451,240	\$ 83,014	\$ 534,254	2038	\$ 469,161	\$ 56,385	\$ 525,546	2048	\$ 473,067	\$ 71,963	\$ 545,030
2029	\$ 461,302	\$ 92,819	\$ 554,121	2039	\$ 469,663	\$ 70,311	\$ 539,974	2049	\$ 459,492	\$ 69,213	\$ 528,705
2030	\$ 465,994	\$ 103,679	\$ 569,673	2040	\$ 485,559	\$ 67,272	\$ 552,831	2050	\$ 434,810	\$ 85,985	\$ 520,795
2031	\$ 476,395	\$ 96,314	\$ 572,709	2041	\$ 498,448	\$ 81,044	\$ 579,492	2051	\$ 438,694	\$ 69,242	\$ 507,936
2032	\$ 483,706	\$ 110,634	\$ 594,340	2042	\$ 493,987	\$ 75,300	\$ 569,287	2052	\$ 434,131	\$ 68,687	\$ 502,818

Projected Benefit Payments (Explicit/Implicit)



Section 6: Substantive Plan Provisions

Changes Since Prior Valuation

There are no plan provision changes since the last full valuation.

Eligibility

Employees are eligible for lifetime retiree health benefits once they retire within 120 days from date of separation and the retiree must be receiving benefits from California Public Employees Retirement System (CalPERS). The earliest service retirement eligibility requirements under CalPERS are as follows:

Membership Date	Requirements
Before 1/1/2013	Age 50 with 5 years of CalPERS service ¹⁰
On/after 1/1/2013	Age 52 with 5 years of CalPERS service ¹⁰

CalPERS eligibility requirements for disability benefits are as follows:

- Ordinary Disability: five years of service
- Line of Duty Disability: no age or service requirement

Spouse Benefits

Employees are allowed to elect spousal coverage at retirement. Retiree medical coverage continues to surviving spouses upon death of retirees as long as the required contributions are made and the retiree chooses the option for their surviving spouse to continue receiving a retirement benefit. There is no surviving spouse coverage upon the death of active employees.

Ancillary Benefits

There is no Town-subsidized dental, vision, life insurance, or Medicare Part B reimbursement at retirement.

PEMHCA Minimum

Pursuant to Government Code 22892 of the Public Employees' Medical and Hospital Care Act (PEMHCA), the Town contributes the minimum amount allowed (\$149 and \$151 per month effective on January 1, 2022 and 2023 respectively) to certain groups as described in the Employer Subsidy section below. The minimum employer contribution increases annually by the CPI medical care component. The amount of Town-provided contribution is the same regardless of the retiree's dependent coverage and health plan choice

¹⁰ Note that service includes service across all CalPERS employers and with other retirement systems with which CalPERS has reciprocity agreements.

Employer Subsidy

The Town subsidy for medical and prescription drug coverage at retirement is as shown below.

Employee Groups	Date Cut-Off	Svc @ Ret	Town Subsidy
Management (non-represented)	Hired before 11/17/2010	5+	100% of premiums for any medical plan and coverage level elected
	Hired between 11/17/2010 and 6/30/2013	5 – 9	PEMHCA minimum
		10+	Maximum subsidy based on Kaiser single employee premium
	Hired on/after 7/1/2013	5+	PEMHCA minimum
APOA Police Officers and Miscellaneous Employees	Retired before 10/1/2013	5+	Maximum subsidy of \$1,247.06 (not increasing in the future) ¹¹
	Hired before 10/1/2013	5 – 9	PEMHCA minimum
		10+	Maximum subsidy of 90% of Kaiser premium for any coverage level elected subject to the vesting schedule ^{12, 13}
	Hired on/after 10/1/2013	5+	PEMHCA minimum
Teamsters and Confidential (non-management, miscellaneous)	Hired before 1/19/2011	5+	Maximum subsidy of 95% of Region 1 Blue Shield Access Plus premiums for any coverage level elected ¹⁴
	Hired between 1/19/2011 and 12/31/2012	5+	Maximum subsidy based on Kaiser single employee premium
	Hired on/after 1/1/2013	5+	PEMHCA minimum

Vesting schedule referenced in the above table is as follows:

CalPERS Svc	Vested %	CalPERS Svc	Vested %	CalPERS Svc	Vested %
10	50%	14	70%	18	90%
11	55%	15	75%	19	95%
12	60%	16	80%	20	100%
13	65%	17	85%		

¹¹ Employees retiring on disability will be exempt from the maximum Town subsidy.

¹² The cap increases at half of the excess of the assumed annual rate of increase for Kaiser premium over 3%, with a minimum of 0%. For three existing disabled retirees, the cap increases at half of the excess of the assumed rate increase for Kaiser premium against Kaiser premium in 2014 over 3%, with a minimum of 0%.

¹³ Employees retiring on disability shall receive Town subsidy of 90% of Kaiser premium for any coverage level elected.

¹⁴ At age 65, the Town pays only 95% of the reduced post-65 premium. Some existing retirees are subject to a fixed maximum subsidy that is based on Region 1 Blue Shield premium rate in 2016 increased by 9.3%.

Retiree Contributions

Retirees are required to contribute the portion of premium rates not covered by the Employer Subsidy.

Premium Rates

The monthly premium rates for CalPERS plans used in the valuation effective on January 1, 2022 are as shown below.

Regions	Non-Medicare Plans	Single	2-Party	Family
Region 1	Anthem BC Select	\$ 1,015.81	\$ 2,031.62	\$ 2,641.11
	Anthem BC Traditional	\$ 1,304.00	\$ 2,608.00	\$ 3,390.40
	Blue Shield Trio	\$ 898.54	\$ 1,797.08	\$ 2,336.20
	Kaiser Permanente	\$ 857.06	\$ 1,714.12	\$ 2,228.36
	PERS Gold	\$ 701.23	\$ 1,402.46	\$ 1,823.20
	PERS Platinum	\$ 1,057.01	\$ 2,114.02	\$ 2,748.23
	PORAC	\$ 799.00	\$ 1,725.00	\$ 2,219.00
	United Healthcare	\$ 1,020.28	\$ 2,040.56	\$ 2,652.73
Out of State	PERS Platinum	\$ 847.71	\$ 1,695.42	\$ 2,204.05

Medicare Plans	Single	2-Party	Family
Blue Shield Medicare	\$ 353.13	\$ 706.26	\$ 1,059.39
Kaiser Permanente Senior Advantage	\$ 302.53	\$ 605.06	\$ 907.59
PERS Gold Medicare Supplement	\$ 377.41	\$ 754.82	\$ 1,132.23
PERS Platinum Medicare Supplement	\$ 381.94	\$ 763.88	\$ 1,145.82
PORAC Medicare Supplement	\$ 461.00	\$ 919.00	\$ 1,471.00
UHC Medicare Advantage	\$ 294.65	\$ 589.30	\$ 883.95

Section 7: Actuarial Methods and Assumptions

Changes Since Prior Valuation

The following assumptions have been updated since the prior valuation:

1. The Single Equivalent Discount Rate (SEDR) used in the valuation has been increased from 5.39% as of June 30, 2020 to 6.00% as of June 30, 2022 based on updated expected long-term rate of return of the Trust. Refer to the Discussion of Discount Rates section for additional information on the discount rate setting. This change caused a decrease in the liability.
2. Payroll growth, mortality, disability, termination, and retirement rates have been updated from CalPERS Experience Study and Review of Actuarial Assumptions published in December 2017 to the most recent study published in November 2021. The net impact of these changes is a slight increase in the liability.
3. Health care trend rates have been updated as follows, which caused a net increase in the liability:
 - a. Medical/prescription drug costs: from Getzen 2019 table with an initial rate of 6.50% that decreases gradually to an ultimate rate of 4.04% by 2075 for non-Medicare and 4.00% for all years for Medicare to Getzen 2021 table that reflects actual premium increases from 2022 to 2023¹⁵ followed by 6.50% non-Medicare / 5.40% Medicare in 2023 that decreases gradually to an ultimate rate of 3.94% by 2075.
 - b. PEMHCA minimum: from 3.00% to 1.34% from 2022 to 2023 followed by 3.75% for all subsequent years.
4. Percentage of active employees electing health coverage with the Town at retirement for those who are eligible for PEMHCA minimum benefit only has been reduced from 100% to 50% based on other agencies' experience that offer similar subsidy. This change caused a decrease in the liability.

¹⁵ Actual premium increases from 2022 to 2023 used in the valuation are as follows:

	APOA			Confidential / Teamsters			Management		
	Active	Retirees <65*	Retirees 65+*	Active	Retirees <65*	Retirees 65+*	Active	Retirees <65*	Retirees 65+*
Non-Medicare	6.90%	6.60%	N/A	2.00%	11.50%	N/A	9.10%	-2.40%	N/A
Medicare	-0.80%	2.20%	3.90%	-0.40%	5.30%	5.70%	5.10%	6.20%	5.50%

* Retirees <65 / Retirees 65+ refer to retirees who are under the age of 65 and retirees age 65 and older as of the Valuation Date respectively.

5. Percentage of active employees electing spousal coverage with the Town at retirement has been updated from 75% for both genders to 65% for male and 45% for female employees based on spousal election information available in the census data for existing retirees. Additionally, in the prior valuation, husbands are assumed to be three years older than wives. In this year's valuation, husbands are assumed to be one year older than wives. This assumption update is based on spousal age difference shown in the census data for active employees. The net impact of both changes is a decrease in the liability.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Reporting Period	Fiscal year ending June 30, 2022
Discount Rate	<p>For accounting disclosure: 6.00% as of June 30, 2022 and 5.39% as of June 30, 2021</p> <p>For funding purposes (in calculating the Actuarially Determined Contribution): 6.00% as of June 30, 2022 and 5.39% as of June 30, 2021</p> <p>Refer to the Discussion of Discount Rate section for additional information on the discount rate setting.</p>
Actuarial Cost Method	<p>Entry Age Normal Level Percentage of Pay; a method that allocates the actuarial present value of the projected benefits of each individual on a level basis over the earnings of the individual between entry age and assumed exit age(s).</p> <ul style="list-style-type: none"> • The portion allocated to a valuation year is called the Normal Cost. • The portion allocated to past periods is called the Actuarial Accrued Liability (AAL) or Total OPEB Liability (TOL).
Payroll Growth	2.80% wage inflation plus seniority, merit, and promotion salary increases based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Refer to the Appendix for sample rates.
Mortality	Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members.
Termination	Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Refer to the Appendix for sample rates.

Disability	Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Refer to the Appendix for sample rates.
Retirement	Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Refer to the Appendix for sample rates.
Participation Rate	<p>100% of active employees who are eligible for premium-based subsidy are assumed to elect health coverage with the Town at retirement and continue for life.</p> <p>50% of active employees who are eligible for PEMHCA minimum benefit only are assumed to elect health coverage with the Town at retirement and continue for life.</p> <p>Existing retirees who are currently enrolled in the Town's health plans are assumed to continue coverage until death. Upon retiree's death, surviving spouses are assumed to continue coverage in the Town's health plans (all of them are assumed to receive contingent pension benefit).</p> <p>Existing retirees who currently waived coverage are not assumed to re-enroll in the future.</p>
Health Plan Election	Employees are assumed to elect the same health plan option they are currently enrolled in at retirement prior to Medicare eligibility. Upon Medicare eligibility, the pre-Medicare to Medicare health plan mapping assumed is as shown below.

Pre-Medicare Plans	Medicare Plans
Blue Shield Trio	Blue Shield Medicare
Kaiser Permanente	Kaiser Permanente Senior Advantage
PERS Gold	PERS Gold Medicare Supplement
PERS Platinum	PERS Platinum Medicare Supplement
United Healthcare	UHC Medicare Advantage

Existing retirees are assumed to remain in the same health plan option they are currently enrolled in for life, except for those who are under the age of 65 as of the Valuation Date. The assumed Medicare plan election for these retirees is according to the above table.

Spousal Election

65% of male and 45% of female active employees are assumed to elect spousal coverage at retirement. Husbands are assumed to be one year older than wives.

For existing retirees, spousal coverage and age is based on actual data.

Dependent Election

Not explicitly valued.

Medicare Eligibility

All future and existing retirees (including disabled retirees) are assumed to be eligible for Medicare at age 65.

Per Capita Costs

The valuation projects health care costs for employees who remain enrolled in the Town's benefit plans after retirement. In accordance with Actuarial Standards of Practice No. 6 (ASOP 6), the actuarial development of health care costs should preferably use the health plan experience that is considered the best predictor of future claims experience assuming it is sufficiently credible. In the absence of credible health plan experience data, the actuary may use other methods such as premiums and normative databases to develop the per capita costs.

As medical/prescription drug costs generally vary by age, age-specific costs should be used in the development of initial per capita costs and projection of future benefit costs, except in very limited circumstances defined in ASOP 6 Section 3.7.7(c). The development of the age-specific costs should be based on the demographics of the group being valued and the group's total expected claims or premiums.

Retiree healthcare costs are, on average, significantly higher than active employees and if the Town charges blended premium rates (determined using active employees and retiree claims experience) to the retirees, the Town is providing an implicit subsidy for these retirees. Under GASB 75, the implicit subsidy must be included in the post-employment medical benefit obligation. Separate costs should be developed for Medicare-eligible participants due to Medicare being the primary payer for these retirees, which leads to a reduction to the Plan Sponsor's health plan costs.

In developing the initial per capita costs, we have used CalPERS health plan premium rates effective on January 1, 2022 and aging factors and subscriber enrollments for HMO and PPO plans combined as published in the CalPERS Health Plan (PEMHCA) Implicit Subsidy Data for Calendar 2019. All costs are assumed to increase with health care trend rates.

Per Capita Costs (Cont'd) The following table shows the sample initial per capita costs at select ages for 2022/23 used in the valuation. Separate costs were developed for active employees and retirees by bargaining unit based on weighted average premium rates for active employees and retirees in each bargaining unit separately.

Age	APOA Active		APOA Retirees <65 ¹⁶		Confidential / Teamsters Active		Confidential / Teamsters Retirees <65 ¹⁶	
	Male	Female	Male	Female	Male	Female	Male	Female
45	\$6,815	\$9,237	\$7,278	\$9,865	\$7,726	\$10,472	\$7,898	\$10,705
50	\$9,024	\$10,644	\$9,637	\$11,367	\$10,230	\$12,066	\$10,457	\$12,335
55	\$11,752	\$12,083	\$12,551	\$12,904	\$13,323	\$13,698	\$13,619	\$14,003
60	\$15,173	\$14,144	\$16,204	\$15,105	\$17,201	\$16,034	\$17,584	\$16,391
64	\$17,995	\$15,809	\$19,218	\$16,883	\$20,400	\$17,921	\$20,854	\$18,320

Age	Management Active		Management Retirees <65 ¹⁶	
	Male	Female	Male	Female
45	\$7,468	\$10,122	\$8,501	\$11,523
50	\$9,888	\$11,663	\$11,256	\$13,277
55	\$12,878	\$13,240	\$14,660	\$15,072
60	\$16,626	\$15,498	\$18,927	\$17,643
64	\$19,719	\$17,322	\$22,447	\$19,720

We have assumed that CalPERS health premiums for Medicare eligible retirees are based on Medicare eligible retiree claims experience and represent the expected true cost of retiree coverage. As such, we have assumed there is no implicit subsidy for Medicare retirees. The annual costs used on/after age 65 are as shown below.

Bargaining Units	Active	Retirees <65 ¹⁶	Retirees 65+ ¹⁶
APOA	\$4,379	\$4,181	\$4,546
Confidential / Teamsters	\$3,803	\$4,266	\$4,183
Management	\$3,976	\$4,452	\$4,071

¹⁶ Retirees <65 / Retirees 65+ refer to retirees who are under the age of 65 and retirees age 65 and older as of the Valuation Date respectively.

Trend Rates

Historically, health care costs have increased more rapidly than the rate of inflation. In estimating the value of retiree health benefits, assumptions must be made on future increases in healthcare costs. The health care trend rates assumption used in this valuation is based on the Getzen Model of Long-Run Medical Cost Trends, which was first designed by T.E. Getzen for the Society of Actuaries (SOA) in 2007. The model is designed to make long-run forecasts and typically used to select medical trend assumptions for retiree medical valuations to present liabilities disclosed under the appropriate accounting standards, or to determine contributions under a funding policy. The long-run baseline projection and input variables were developed under the guidance of the SOA Project Oversight Group. The model is updated annually along with updated documentation and recommended input variables by the author of the model.

The baseline assumptions used in the Getzen model is as shown in the table below.

Inflation Rate	2.5%
Real GDP Per Capita Growth	1.4%
Excess Medical Cost Growth	1.0%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

The output of the Getzen Model of Long-Run Medical Cost Trend Model used in the valuation is as shown below.

Year	Non-Medicare	Medicare
2022	Actual*	Actual*
2023	6.50%	5.40%
2024	6.00%	5.30%
2025	5.50%	5.20%
2030	5.01%	5.01%
2035	4.97%	4.97%

Year	Non-Medicare	Medicare
2040	4.81%	4.81%
2050	4.64%	4.64%
2060	4.54%	4.54%
2070	4.20%	4.20%
2075+	3.94%	3.94%

Trend Rates (Cont'd)

* Actual premium increases from 2022 to 2023 used in the valuation are as follows:

	APOA		Confidential / Teamsters		Management	
	Non-Medicare	Medicare	Non-Medicare	Medicare	Non-Medicare	Medicare
Active	6.90%	-0.80%	2.00%	-0.40%	9.10%	5.10%
Retirees <65 ¹⁷	6.60%	2.20%	11.50%	5.30%	-2.40%	6.20%
Retirees 65+ ¹⁷	N/A	3.90%	N/A	5.70%	N/A	5.50%

PEMHCA minimum cost is assumed to increase by 1.34% from 2022 to 2023 followed by 3.75% for all subsequent years.

¹⁷ Retirees <65 / Retirees 65+ refer to retirees who are under the age of 65 and retirees age 65 and older as of the Valuation Date respectively.

Discussion of Discount Rates

Under GASB 75, the discount rate used in valuing OPEB liabilities as of the Measurement Date is a single rate that reflects:

1. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments, to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are expected to be invested using a strategy that will achieve that return.
2. 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), when the conditions in (1) above are not met.

For the current year's valuation:

1. The expected long-term real rate of return of the OPEB Trust is 6.00% as of June 30, 2022. This rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return net of investment expense are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target allocation percentage. The Plan Sponsor's expected future real rates of return by asset class is as shown below.

Asset Classes	Target Allocation	Expected L/T Real Rates of Return ¹⁸
Equity	48.25%	4.66%
Fixed Income	45.00%	1.06%
Real Estate	1.75%	3.98%
Cash / Cash Equivalents	5.00%	-0.33%
Total	100.00%	

2. The municipal bond index as of the prior and current Measurement Dates are as shown below:

Index	June 30, 2022	June 30, 2021
Bond Buyer 20-Bond General Obligation (GO) Index	N/A	2.16%
S&P Municipal Bond 20 Year High Grade Rate Index	4.09%	N/A

3. The final equivalent single discount rate used for accounting disclosure is 6.00% with the expectation that the Plan Sponsor will contribute in accordance with the Funding Policy described in Section 3. Under this Funding Policy, the OPEB Trust is not expected to be depleted in the future.

The discount rate used to calculate the Actuarially Determined Contribution for recommended funding contribution is 6.00%.

¹⁸ The assumed inflation rate of 2.50% is added to the weighted expected future real rate of return to obtain the assumed discount rate. Expected long-term real rates of return in the table above are geometric returns based on the 2021 Survey of Capital Market Assumptions produced by Horizon Actuarial Services.

Section 8: Participant Summary

Active Employees

Active employees with health coverage are enrolled in Region 1 health plans.

Actives with Health Coverage	Single	2-Party	Family	Total	Avg. Age	Avg. Svc	Total Salary
Anthem BC Select	1	1		2	36.2	6.0	\$ 339,248
Anthem BC Traditional			1	1	57.1	20.5	\$ 107,322
Kaiser Permanente	7	3	7	17	40.1	4.0	\$ 2,015,546
PERS Gold	1			1	49.1	4.6	\$ 134,764
PERS Platinum	1		1	2	33.3	0.6	\$ 124,502
PORAC	1	1	6	8	40.7	9.6	\$ 1,173,531
Total actives with health coverage	11	5	15	31	40.4	5.9	\$ 3,894,913

Actives without Health Coverage	Total	Avg. Age	Avg. Svc	Total Salary
Total actives without health coverage	8	47.5	4.4	\$ 1,247,987

Active employees who currently have no health coverage are assumed to elect health coverage with the Town at retirement based on the participation rate assumption shown on page 25.

Active Age-Service Distribution

Age	Years of Service with the Town										Total
	<1	1 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40+	
<25		1									1
25 – 29	1	4									5
30 – 34		4	2								6
35 – 39		4	1	1							6
40 – 44	2	3	1								6
45 – 49		2	3								5
50 – 54		2	1	1			1				5
55 – 59		1	2			1					4
60 – 64			1								1
65+											0
Total	3	21	11	2	0	1	1	0	0	0	39

Retired Employees

Retirees with Health Coverage	Single	2-Party	Family	Total	Avg. Age
Anthem BC Traditional	2	1	1	4	63.6
Blue Shield Trio			1	1	58.9
Kaiser Permanente	4	4	3	11	61.1
PERS Platinum	7	7	1	15	70.9
PORAC	1	2	2	5	70.1
United Healthcare	4	1		5	73.8
Total retirees with health coverage	18	15	8	41	67.5

Enrollments above include retirees enrolled in the corresponding Medicare plans or those with split enrollment in pre-Medicare and Medicare plans.

Age	Retirees
<50	1
50 – 54	3
55 – 59	4
60 – 64	11
65 – 69	3
70 – 74	11
75 – 79	2
80 – 84	6
85 – 89	
90+	
Total	41

Comparison of Participant Summary

Below is a comparison of participant summary included in the current valuation and the prior full valuation.

	As of June 30, 2022	As of June 30, 2020
Number of Participants		
Active employees	39	36
Retired employees ¹⁹	41	61
Total	80	97
Averages		
Active average age	41.9	42.4
Active average service	5.6	7.0
Inactive average age	67.5	65.5

¹⁹ The retired employees' enrollment as of June 30, 2022 include retirees only and exclude spouses and/or dependents who are covered under the Town's health plans. Retired employees' enrollment as of June 30, 2020 includes 41 retirees and 20 spouses.

| Appendix – Sample Decrement Rates

Mortality Rates

Mortality rates used in the valuation are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Sample pre-retirement, post-retirement non-disabled, and post-retirement disabled base mortality rates for Miscellaneous and Police members are as shown below. These rates are projected fully generationally using 80% of MP-2020 mortality improvement scale.

Attained Ages	Pre-Retirement ²⁰				Post-Retirement Non-Disabled				Post-Retirement Disabled ²¹			
	Miscellaneous		Fire/Police/CPO		Miscellaneous		Fire/Police/CPO		Miscellaneous		Fire/Police/CPO	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
20	0.00039	0.00014	0.00042	0.00016	0.00039	0.00014	0.00146	0.00053	0.00411	0.00233	0.00039	0.00014
25	0.00033	0.00013	0.00038	0.00020	0.00033	0.00013	0.00154	0.00069	0.00336	0.00187	0.00033	0.00013
30	0.00044	0.00019	0.00047	0.00028	0.00044	0.00019	0.00182	0.00099	0.00452	0.00301	0.00044	0.00019
35	0.00058	0.00029	0.00053	0.00038	0.00058	0.00029	0.00208	0.00136	0.00603	0.00504	0.00058	0.00029
40	0.00075	0.00039	0.00061	0.00047	0.00075	0.00039	0.00244	0.00177	0.00779	0.00730	0.00075	0.00039
45	0.00093	0.00054	0.00073	0.00059	0.00093	0.00054	0.00314	0.00227	0.01120	0.01019	0.00093	0.00054
50	0.00134	0.00081	0.00102	0.00081	0.00271	0.00199	0.00437	0.00311	0.01727	0.01439	0.00271	0.00199
55	0.00198	0.00123	0.00153	0.00118	0.00391	0.00325	0.00623	0.00550	0.02217	0.01734	0.00391	0.00325
60	0.00287	0.00179	0.00246	0.00168	0.00575	0.00455	0.00935	0.00868	0.02681	0.01962	0.00575	0.00455
65	0.00403	0.00250	0.00384	0.00216	0.00856	0.00612	0.01393	0.01190	0.03332	0.02276	0.00856	0.00612
70	0.00594	0.00404	0.00673	0.00398	0.01340	0.00996	0.02189	0.01858	0.04056	0.02910	0.01340	0.00996
75	0.00933	0.00688	0.01221	0.00777	0.02400	0.01783	0.03498	0.03134	0.05465	0.04160	0.02400	0.01783
80	0.01515	0.01149	0.02252	0.01567	0.04380	0.03403	0.05932	0.05183	0.08044	0.06112	0.04380	0.03403
85	0.00000	0.00000	0.00000	0.00000	0.08274	0.06166	0.10244	0.08045	0.11695	0.09385	0.08274	0.06166
90	0.00000	0.00000	0.00000	0.00000	0.14539	0.11086	0.16739	0.12434	0.16770	0.14396	0.14539	0.11086

²⁰ Pre-Retirement rates for all groups are based on the sum of non-industrial death and industrial death rates.

²¹ Post-Retirement Disabled rates are based on non-industrially disabled rates for Miscellaneous participants and industrially disabled rates for Fire/Police/CPO participants.

Salary Increases

The seniority, merit and promotional salary increases used in the valuation are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Sample rates are as shown below.

Service	Miscellaneous							Police						
	Entry Ages													
	20	25	30	35	40	45	50	20	25	30	35	40	45	50
0	0.0764	0.0764	0.0621	0.0621	0.0521	0.0521	0.0521	0.1181	0.1181	0.1051	0.1051	0.0653	0.0653	0.0653
2	0.0576	0.0576	0.0449	0.0449	0.0346	0.0346	0.0346	0.0738	0.0738	0.0628	0.0628	0.0434	0.0434	0.0434
4	0.0435	0.0435	0.0324	0.0324	0.0229	0.0229	0.0229	0.0462	0.0462	0.0375	0.0375	0.0288	0.0288	0.0288
6	0.0328	0.0328	0.0234	0.0234	0.0152	0.0152	0.0152	0.0289	0.0289	0.0224	0.0224	0.0191	0.0191	0.0191
8	0.0248	0.0248	0.0170	0.0170	0.0101	0.0101	0.0101	0.0180	0.0180	0.0134	0.0134	0.0127	0.0127	0.0127
10	0.0201	0.0201	0.0126	0.0126	0.0108	0.0108	0.0108	0.0185	0.0185	0.0155	0.0155	0.0118	0.0118	0.0118
12	0.0181	0.0181	0.0116	0.0116	0.0092	0.0092	0.0092	0.0184	0.0184	0.0153	0.0153	0.0123	0.0123	0.0123
14	0.0163	0.0163	0.0106	0.0106	0.0078	0.0078	0.0078	0.0183	0.0183	0.0151	0.0151	0.0128	0.0128	0.0128
16	0.0147	0.0147	0.0098	0.0098	0.0066	0.0066	0.0066	0.0183	0.0183	0.0149	0.0149	0.0134	0.0134	0.0134
18	0.0132	0.0132	0.0090	0.0090	0.0055	0.0055	0.0055	0.0182	0.0182	0.0147	0.0147	0.0139	0.0139	0.0139
20	0.0119	0.0119	0.0083	0.0083	0.0047	0.0047	0.0047	0.0181	0.0181	0.0145	0.0145	0.0145	0.0145	0.0145

Disability Rates

The disability rates used in the valuation are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Sample rates are as shown below.

Attained Ages	Miscellaneous		Police
	Male	Female	Unisex
20	0.000070	0.000040	0.000060
25	0.000070	0.000090	0.001710
30	0.000170	0.000330	0.004870
35	0.000350	0.000650	0.008050
40	0.000910	0.001190	0.011230
45	0.001490	0.001850	0.014400
50	0.001540	0.001930	0.018910
55	0.001390	0.001290	0.048590
60	0.001240	0.000940	0.061370

Termination Rates

This assumption is used to project terminations (voluntary and involuntary) prior to meeting the minimum eligibility requirements to retire. The rates are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Sample rates for Miscellaneous members are as shown below.

Service	Miscellaneous (Male)							Miscellaneous (Female)						
	Entry Ages													
	20	25	30	35	40	45	50	20	25	30	35	40	45	50
0	0.1851	0.1769	0.1631	0.1493	0.1490	0.1487	0.1509	0.1944	0.1899	0.1824	0.1749	0.1731	0.1713	0.1741
2	0.1218	0.1125	0.0970	0.0815	0.0771	0.0726	0.0750	0.1381	0.1307	0.1183	0.1058	0.0998	0.0938	0.0941
4	0.0672	0.0616	0.0524	0.0431	0.0392	0.0352	0.0366	0.0801	0.0752	0.0670	0.0587	0.0523	0.0459	0.0457
6	0.0669	0.0641	0.0575	0.0509	0.0453	0.0397	0.0383	0.0869	0.0847	0.0757	0.0666	0.0580	0.0494	0.0464
8	0.0470	0.0453	0.0410	0.0366	0.0311	0.0255	0.0218	0.0613	0.0601	0.0545	0.0488	0.0394	0.0299	0.0294
10	0.0377	0.0366	0.0337	0.0309	0.0245	0.0181	0.0032	0.0502	0.0491	0.0446	0.0401	0.0308	0.0215	0.0046
12	0.0307	0.0300	0.0282	0.0263	0.0200	0.0137	0.0027	0.0423	0.0413	0.0368	0.0322	0.0244	0.0165	0.0037
14	0.0251	0.0246	0.0226	0.0207	0.0156	0.0014	0.0017	0.0352	0.0343	0.0292	0.0241	0.0181	0.0019	0.0023
16	0.0173	0.0173	0.0152	0.0132	0.0101	0.0000	0.0000	0.0235	0.0235	0.0193	0.0151	0.0112	0.0000	0.0000
18	0.0159	0.0159	0.0129	0.0100	0.0067	0.0000	0.0000	0.0202	0.0202	0.0158	0.0113	0.0075	0.0000	0.0000
20	0.0141	0.0141	0.0110	0.0079	0.0000	0.0000	0.0000	0.0175	0.0175	0.0131	0.0087	0.0000	0.0000	0.0000

Termination Rates (Continued)

Sample rates for Police members are as shown below.

Service	Police (Male)							Police (Female)						
	Entry Ages													
	20	25	30	35	40	45	50	20	25	30	35	40	45	50
0	0.1298	0.1298	0.1298	0.1298	0.1298	0.1298	0.1298	0.1389	0.1389	0.1389	0.1389	0.1389	0.1389	0.1389
2	0.0464	0.0464	0.0464	0.0464	0.0464	0.0464	0.0464	0.0566	0.0566	0.0566	0.0566	0.0566	0.0566	0.0566
4	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0206	0.0206	0.0206	0.0206	0.0206	0.0206	0.0206
6	0.0226	0.0226	0.0226	0.0226	0.0226	0.0226	0.0080	0.0343	0.0343	0.0343	0.0343	0.0343	0.0343	0.0087
8	0.0176	0.0176	0.0176	0.0176	0.0176	0.0176	0.0047	0.0284	0.0284	0.0284	0.0284	0.0284	0.0284	0.0059
10	0.0145	0.0145	0.0145	0.0145	0.0145	0.0032	0.0032	0.0246	0.0246	0.0246	0.0246	0.0246	0.0047	0.0047
12	0.0124	0.0124	0.0124	0.0124	0.0124	0.0024	0.0024	0.0207	0.0207	0.0207	0.0207	0.0207	0.0033	0.0033
14	0.0106	0.0106	0.0106	0.0106	0.0018	0.0018	0.0018	0.0172	0.0172	0.0172	0.0172	0.0018	0.0018	0.0018
16	0.0077	0.0077	0.0077	0.0077	0.0000	0.0000	0.0000	0.0135	0.0135	0.0135	0.0135	0.0000	0.0000	0.0000
18	0.0068	0.0068	0.0068	0.0068	0.0000	0.0000	0.0000	0.0119	0.0119	0.0119	0.0119	0.0000	0.0000	0.0000
20	0.0060	0.0060	0.0060	0.0000	0.0000	0.0000	0.0000	0.0105	0.0105	0.0105	0.0000	0.0000	0.0000	0.0000

Retirement Rates

Retirement rates used in the valuation are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Sample rates are as shown below.

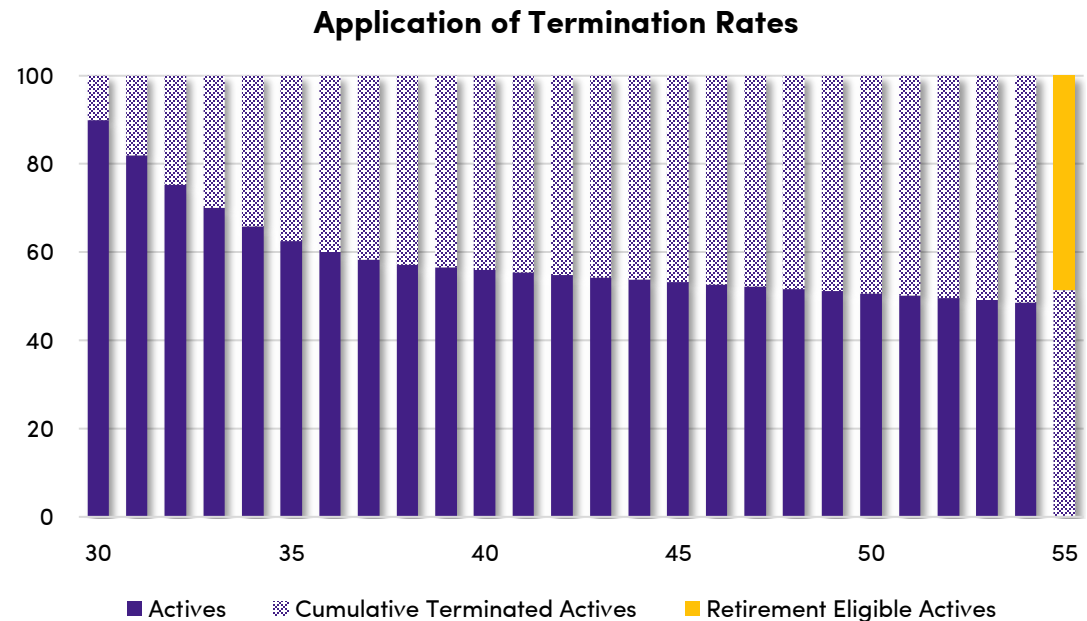
Service	Miscellaneous 2% at 55						Miscellaneous 2% at 62					
	Attained Ages											
	50	55	60	65	70	75	50	55	60	65	70	75
5	0.0140	0.0450	0.0590	0.1670	0.2290	1.0000	0.0000	0.0100	0.0310	0.1080	0.1200	1.0000
10	0.0140	0.0420	0.0640	0.1870	0.2290	1.0000	0.0000	0.0190	0.0510	0.1410	0.1560	1.0000
15	0.0170	0.0530	0.0830	0.2100	0.2290	1.0000	0.0000	0.0280	0.0710	0.1730	0.1930	1.0000
20	0.0210	0.0860	0.1150	0.2620	0.2290	1.0000	0.0000	0.0360	0.0910	0.2060	0.2290	1.0000
25	0.0230	0.0980	0.1540	0.2880	0.2290	1.0000	0.0000	0.0610	0.1110	0.2390	0.2650	1.0000
30	0.0240	0.1230	0.1700	0.2910	0.2290	1.0000	0.0000	0.0960	0.1380	0.3000	0.3330	1.0000
35	0.0240	0.1640	0.1860	0.2910	0.2290	1.0000	0.0000	0.1520	0.1830	0.3480	0.3870	1.0000
40	0.0000	0.1840	0.1880	0.2910	0.2290	1.0000	0.0000	0.1800	0.2040	0.3600	0.4000	1.0000

Service	Police 2.7% at 57				Police 3% at 50			
	Attained Ages							
	50	55	60	65	50	55	60	65
5	0.0500	0.0680	0.1500	1.0000	0.1240	0.0690	0.3430	1.0000
10	0.0500	0.0680	0.1500	1.0000	0.1030	0.0740	0.1800	1.0000
15	0.0500	0.0680	0.1500	1.0000	0.1130	0.0810	0.1590	1.0000
20	0.0500	0.0910	0.1500	1.0000	0.1430	0.1130	0.1880	1.0000
25	0.0500	0.1340	0.1500	1.0000	0.2440	0.2090	0.2470	1.0000
30	0.1000	0.2420	0.2280	1.0000	0.3760	0.3050	0.2470	1.0000
35	0.1100	0.3880	0.3500	1.0000	0.4380	0.3360	0.2470	1.0000
40	0.0000	0.3880	0.3500	1.0000	0.0000	0.3360	0.2470	1.0000

Decrements Illustration

The table below illustrates how decrements are applied in the valuation and how the decrements affect the liabilities valued. Assuming the Plan Sponsor has 100 employees aged 30 as of the valuation date, only 48.6 employees will be projected to be employed at age 55 (assumed retirement eligibility age) using the assumed illustrative termination rates.

Age	# Actives BOY	Annual Termination %	# Terminated Actives / Year
30	100.0	10%	10.0
31	90.0	9%	8.1
32	81.9	8%	6.6
33	75.3	7%	5.3
34	70.1	6%	4.2
35	65.9	5%	3.3
36	62.6	4%	2.5
37	60.1	3%	1.8
38	58.3	2%	1.2
39	57.1	1%	0.6
40	56.5	1%	0.6
41	56.0	1%	0.6
42	55.4	1%	0.6
43	54.9	1%	0.5
44	54.3	1%	0.5
45	53.8	1%	0.5
46	53.2	1%	0.5
47	52.7	1%	0.5
48	52.2	1%	0.5
49	51.6	1%	0.5
50	51.1	1%	0.5
51	50.6	1%	0.5
52	50.1	1%	0.5
53	49.6	1%	0.5
54	49.1	1%	0.5
55	48.6	0%	0.0



Notes:

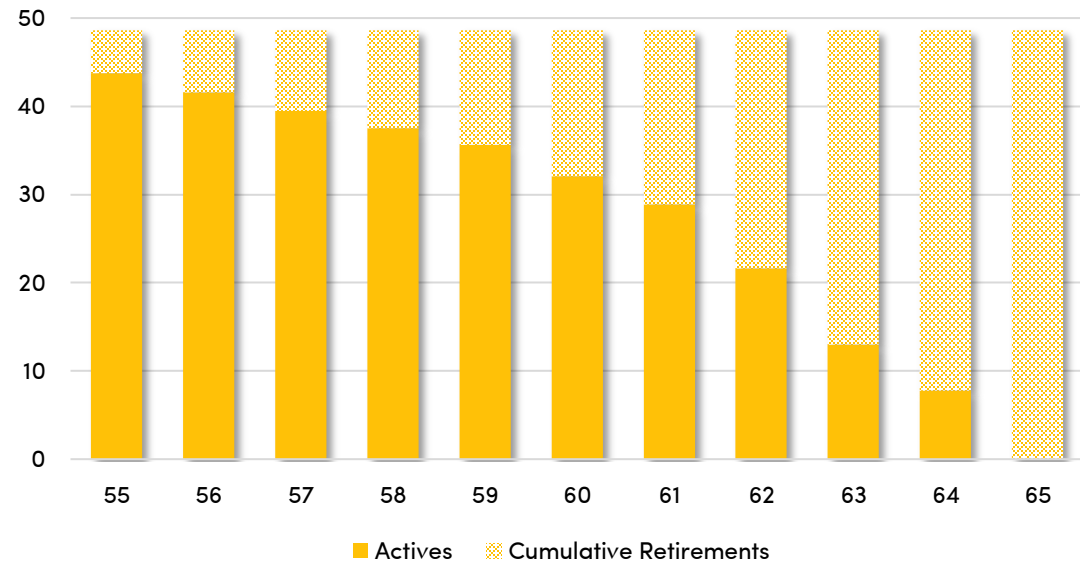
1. The annual termination percentages shown in the table are for illustrative purposes only, not the actual termination rates used in the valuation.
2. For simplification, only termination decrement is assumed to be applicable while actively employed. Actuarial valuation typically applies pre-retirement death decrement during employment as well.

Decrement Illustration (Continued)

The table below illustrates the number of active employees assumed to retire at each age based on the illustrative retirement rates.

Age	# Actives BOY	Annual Retirement %	# Retirements / Year
55	48.6	10%	4.9
56	43.8	5%	2.2
57	41.6	5%	2.1
58	39.5	5%	2.0
59	37.5	5%	1.9
60	35.6	10%	3.6
61	32.1	10%	3.2
62	28.9	25%	7.2
63	21.7	40%	8.7
64	13.0	40%	5.2
65	7.8	100%	7.8

Application of Retirement Rates



Notes:

1. The annual retirement percentages shown in the table are for illustrative purposes only, not the actual retirement rates used in the valuation.
2. For simplification, only retirement decrement is assumed to be applicable once the employee is retirement eligible. Actuarial valuation typically applies pre-retirement death decrement once an employee is eligible to retire.
3. The illustration above assumes that all active employees who are projected to be employed at age 55 elect health coverage with the Plan Sponsor at retirement.

| Appendix – Glossary

1. **Active Employees** – Individuals employed at the end of the reporting or measurement period, as applicable.
2. **Actuarial Cost Method** – A method to allocate the Actuarial Present Value of Future Benefits into portions attributed to past service (Total OPEB Liability) and future service (Normal Cost).
3. **Actuarial Present Value of Future Benefits** – Projected benefit payments estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and their expected future service, discounted to reflect the expected effects of time value (present value) of money and the probabilities of payment (which is contingent on events such as death, termination, retirement, etc). In other words, this is the amount that would have been invested as of the Valuation Date so that it is sufficient to pay for benefit payments when due.
4. **Deferred Inflows** – Gains in the Total OPEB Liability and Fiduciary Net Position (for funded plan only) due to be recognized in the future.
5. **Deferred Outflows** – Losses in the Total OPEB Liability and Fiduciary Net Position (for funded plan only) due to be recognized in the future.
6. **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
7. **Entry Age Actuarial Cost Method** – A method that allocates the actuarial present value of the projected benefits of each individual on a level basis over the earnings or service of the individual between entry age and assumed exit age(s).
 - The portion allocated to a valuation year is called the Normal Cost.
 - The portion allocated to past periods is called the Total OPEB Liability.
 - The portion allocated to future periods after the valuation date is called the Present Value of Future Normal Costs.
8. **Fiduciary Net Position** – OPEB plan assets in a secure Trust that meet the following criteria:
 - Contributions from employers to the OPEB plan and earnings on those contributions are irrevocable.
 - OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
 - OPEB Plan assets are legally protected from the creditors of employers, OPEB plan administrator, and creditors of the plan members.
9. **Funded Ratio** – The value of the asset expressed as a percentage of the Total OPEB Liability.

10. **Healthcare Cost Trend Rates** – The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
11. **Inactive Employees** – Individuals no longer employed by an employer in the OEPB plan or the beneficiaries of those individuals. Inactive employees also include individuals who have accumulated benefits under the terms of an OPEB plan but are not yet receiving benefit payments and individuals currently receiving benefits.
12. **Net OPEB Liability** – The difference between the Total OPEB Liability and the Fiduciary Net Position.
13. **Payroll Growth** – An actuarial assumption on the rate of future increase in the total coverage payroll attributable to wage inflation and productivity increase; used in the Actuarial Cost Method to determine the Total OPEB Liability.
14. **Plan Members** – Individuals covered by the terms of the OPEB plan, which would typically include employees in active service, terminated employees who have terminated service but are not yet receiving benefit payments, and retired employees who are currently receiving benefits.
15. **Other Postemployment Benefits (OPEB)** – Benefits such as death benefits, life insurance, disability, and long-term care, as well as healthcare benefits (medical, prescription drug, dental, vision, and other health-related benefits), that are paid in the period after employment and that are provided separately from a pension plan regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
16. **Service Cost (Normal Cost)** – The portion of actuarial present value of projected benefit payments that are attributed to a 12-month period after a valuation date as determined by the Actuarial Cost Method.
17. **Total OPEB Liability** – The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service as of the valuation date as determined by the Actuarial Cost Method.



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