MacLeod Watts

September 30, 2024

Celia King
Administrative Services Director
Town of Yountville
6550 Yount Street
Yountville, CA 94599

Re: Town of Yountville Other Post-Employment Benefits Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2024

Dear Ms. King:

We are pleased to enclose our actuarial report providing financial information about the other post-employment benefit (OPEB) liabilities of the Town of Yountville. The primary purposes of this report are to:

1) Remeasure plan liabilities as of January 1, 2024, in accordance with GASB 75's biennial valuation requirement,
2) Develop Actuarially Determined Contributions levels for prefunding plan benefits, and
3) Provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in the Town's financial statements for the fiscal year ending June 30, 2024.

The Town has established and made substantial prior contributions to an irrevocable OPEB trust. For accounting purposes, we determined the discount rate in accordance with the process described in GASB 75 as described in the report. We based the valuation on the employee data, details on plan benefits and retiree benefit payments reported to us by the Town and assumed that OPEB trust assets remain in PARS Balanced Index PLUS portfolio. Please review our summary of this information to ensure that it is consistent with your records.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of Town staff who provided valuable time and information to enable us to prepare this report. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod

Catherine L. MacLeod, FSA, FCA, EA, MAAA
Principal & Consulting Actuary

Enclosure

Town of Yountville

Actuarial Valuation of Other Post-Employment Benefit Programs As of January 1,2024

Development of OPEB Prefunding Levels & GASB 75 Report for the FYE June 30, 2024

Submitted September 2024

MacLeod Watts

Table of Contents

A. Executive Summary

This report presents the results of the January 1, 2024, actuarial valuation and accounting information regarding the other post-employment benefit (OPEB) program of the Town of Yountville (the Town). The purposes of this report are to: 1) summarize the results of the valuation; 2) develop Actuarially Determined Contribution (ADC) levels for prefunding plan benefits; and 3) provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2024.

Important background information regarding the valuation process can be found in Appendix 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this executive summary present exhibits and other information relevant for disclosures under GASB 75.

Results of the January 1, 2024, valuation may be applied to prepare the Town's GASB 75 report for the fiscal year ending June 30, 2025. If there are any significant changes in plan members, plan benefits or eligibility and/or OPEB funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations of the Town

The Town offers continuation of medical coverage to retiring employees. This benefit creates one or more of the following types of OPEB liabilities:

- **Explicit subsidy liabilities**: An "explicit subsidy" exists when the employer contributes directly toward the cost of retiree healthcare. In this program, the Town contributes a portion of medical for qualifying retirees. These benefits are described in Section 2.
- **Implicit subsidy liabilities**: An "implicit subsidy" exists when premiums are developed using blended active and retiree claims experience. In this situation, premiums charged for retirees may not be sufficient to cover expected medical claims[1] and the premiums charged for active employees are said to "implicitly subsidize" retirees. This OPEB program includes implicit subsidy liabilities for retiree coverage prior to coverage under Medicare.
- **Other subsidy liabilities**: Pooled plans that do not blend active and retiree premiums likely generate subsidies between employers and retirees within the pool. In the CalPERS medical program, the premium rates for Medicare-covered retirees are based only on retiree claims experience of the pool. An actuarial practice note indicates these subsidies should be included in plan liabilities to the extent they are paid by the employer.[2] We generally expect these subsidies to be small and included any such liability with the implicit subsidy liability in this report.

We determine explicit subsidy liabilities using the expected direct payments promised by the plan toward retiree coverage. We determine the implicit and other subsidy liabilities as the projected difference between (a) estimated retiree medical claim costs by age and (b) premiums charged for retiree coverage. For more information on MacLeod Watts' age rating methodology, see Appendix 2.

[1] In rare situations, premiums for retiree coverage may be high enough that they subsidize active employees' claims.

[2] Exceptions exist for: 1) Medicare Advantage Plans: these plans are treated as if their premiums are age-based due to the nature of the Federal subsidies paid to these plans. 2) Plans with low explicit subsidies to Medicare-covered retirees: in these plans no part of any potential pool subsidy is expected to be paid by the employer.

Executive Summary
(Continued)

OPEB Funding Policy

The Town's OPEB funding policy affects the calculation of GASB 75 liabilities by impacting the discount rate used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes at or above an actuarially determined contribution (ADC) each year. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits.

1) When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate. The S&P Municipal Bond 20 Year High Grade index selected by the Town is 4.21% on the June 30, 2024, measurement date.
2) When the agency contributes 100% or more of each year's ADC, then GASB 75 generally supports use of the trust rate of return to develop the OPEB liability. The expected annual long-term return is 5.85%. Refer to page 12 for more information about how this rate was determined.
3) When assets are set aside in an irrevocable trust, but annual OPEB contributions are less than the Actuarially Determined Contributions, paragraphs 36-41 of GASB 75 describe the analysis to be prepared to determine the discount rate. In this analysis, we consider the most recent 5-year history of Town contributions as a percentage of the ADC to project future contribution levels.

In our analysis, we determined the 5-year average of OPEB contributions for the period 2020 – 2024 as a percentage of the ADCs to be 82.8%. Budgeted contributions for FYE 2025 and FYE 2026 result in a projected average contribution of 72.8% of the ADCs from 2022 to 2026. From this, we developed the resulting discount rate for accounting purposes to be equal to 5.40% for the current measurement period.

Actuarial Assumptions

The actuarial "demographic" assumptions (i.e., rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering Town employees. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits.

Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

Executive Summary
(Continued)

Important Dates for GASB 75 in this Report

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2024
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023, to June 30, 2024
Valuation Date	January 1, 2024

Updates Since the Prior Report

No benefit changes were reported to MacLeod Watts since the January 2022 valuation was prepared. With the updated employee census and premium data provided for the January 2024 valuation, we determined "plan experience", the difference from expected plan liability projected from the prior valuation. We then reviewed and updated certain assumptions used to project the OPEB liability. Investment experience, the difference between actual and expected return on trust assets, was also determined.

The Net OPEB Liability on the current measurement date is lower than that reported one year ago. Section C presents the new valuation results and provides additional information on the impact of the new assumptions and plan experience. See *Recognition Period for Deferred Resources* on page 13 for details on how these changes are recognized.

Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2024

The plan's impact on Net Position will be the sum of difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources.

Items	For Reporting At Fiscal Year Ending June 30, 2024
Total OPEB Liability	$ 6,641,127
Fiduciary Net Position	(6,193,812)
Net OPEB Liability	**$ 447,315**
Adjustment for Deferred Resources:	
Deferred (Outflows)	(869,336)
Deferred Inflows	1,287,872
Impact on Statement of Net Position	**$ 865,851**
OPEB Expense, FYE 6/30/2024	**$ 122,279**

Executive Summary
(Concluded)

Important Notices

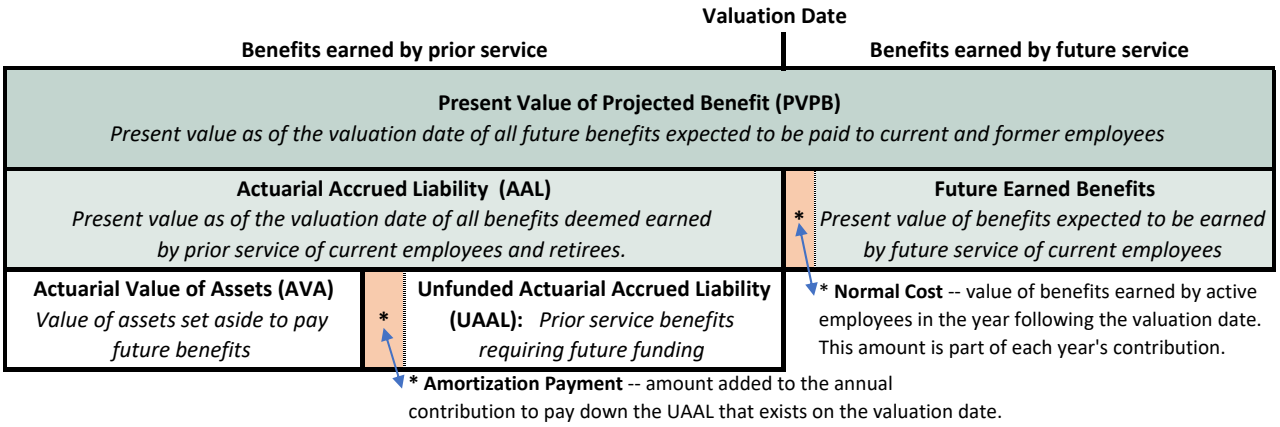
This report is intended to be used only to present the actuarial information relating to other postemployment benefits for the Town's financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. The Town should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend the Town consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.

B. Valuation Process

This valuation is based on employee census data and benefits initially submitted by the Town and clarified in various related communications. A summary of the employee data is provided in Section 1 and a summary of the plan benefits is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the Town as to its accuracy. The valuation has been performed in accordance with the process described below using the actuarial methods and assumptions described in Section 3 and is consistent with our understanding of Actuarial Standards of Practice.

In projecting benefit values and liabilities, we first determine an expected premium or benefit stream over each current retiree's or active employee's future retirement. Benefits may include both direct employer payments (explicit subsidies) and any implicit subsidies arising when retiree premiums are expected to be partially subsidized by premiums paid for active employees. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected dates when benefits will end. Assumptions regarding the probability that each employee will remain in service to receive benefits and the likelihood that employees will elect coverage for themselves and their dependents are also applied.

We then calculate the present value of these future benefit streams by discounting the value of each future expected employer payment back to the valuation date using the valuation discount rate. This present value is called the **Present Value of Projected Benefits (PVPB)** and represents the current value of all expected future plan payments to current retirees and current active employees. Note that this long-term projection does not anticipate entry of future employees.



The next step in the valuation process splits the Present Value of Projected Benefits into 1) the value of benefits already earned by prior service of current employees and retirees and 2) the value of benefits expected to be earned by future service of current employees. Actuaries employ an "attribution method" to divide the PVPB into prior service liabilities and future service liabilities. For this valuation we used the **Entry Age Normal** attribution method. This method is the most common method used for government funding purposes and the only attribution method allowed for financial reporting under GASB 75.

We call the value of benefits deemed earned by prior service the **Actuarial Accrued Liability (AAL)**. Benefits deemed earned by service of active employees in a single year is called the **Normal Cost** of benefits. The present value of all future normal costs (PVFNC) plus the Actuarial Accrued Liability will equal the Present Value of Projected Benefits (i.e., PVPB = AAL + PVFNC).

Valuation Process
(Concluded)

The difference between the value of trust assets (i.e., the Market Value of Assets), or a smoothed asset value (i.e., the Actuarial Value of Assets), and the Actuarial Accrued Liability yields the **Unfunded Actuarial Accrued Liability (UAAL)**. The UAAL represents, as of the valuation date, the present value of benefits already earned by past service that remain unfunded. A plan is generally considered "fully funded" when the UAAL is zero. The plan sponsor of a fully funded plan will still need to make future contributions for benefits earned by future service of active employees. But in a fully funded plan, the plan sponsor has set aside sufficient assets to pay for benefits that have been earned by past service of current retirees and active employees if all valuation assumptions are realized.

Future contributions by the Town will fund 1) the remaining part of OPEB benefits earned by past service (the Unfunded Actuarial Accrued Liability) and 2) the value of benefits earned each year by service of active employees. Various strategies might be employed to pay down the UAAL such as longer or shorter amortization payments, and flat or escalating payments depending on the plan sponsors goals and funding philosophy.

Variation in Future Results

Please note that projections of future benefits over such long periods (frequently 70 or more years) which are dependent on numerous assumptions regarding future economic and demographic variables are subject to substantial revision as future events unfold. While we believe that the assumptions and methods used in this valuation are reasonable for the purposes of this report, the costs to the Town reflected in this report are subject to future revision, perhaps materially. Demonstrating the range of potential future plan costs was beyond the scope of our assignment except to the limited extent of providing liability information at various discount rates.

Certain actuarial terms and GASB 75 terms may be used interchangeably, as shown below. Specific results from this valuation are provided in the following Section C.

Actuarial Terminology	GASB 75 Terminology
Present Value of Projected Benefits (PVPB)	*No equivalent term*
Actuarial Accrued Liability (AAL)	Total OPEB Liability (TOL)
Market Value of Assets (MVA)	Fiduciary Net Position
Actuarial Value of Assets (AVA)	*No equivalent term*
Unfunded Actuarial Accrued Liability (UAAL)	Net OPEB Liability
Normal Cost	Service Cost

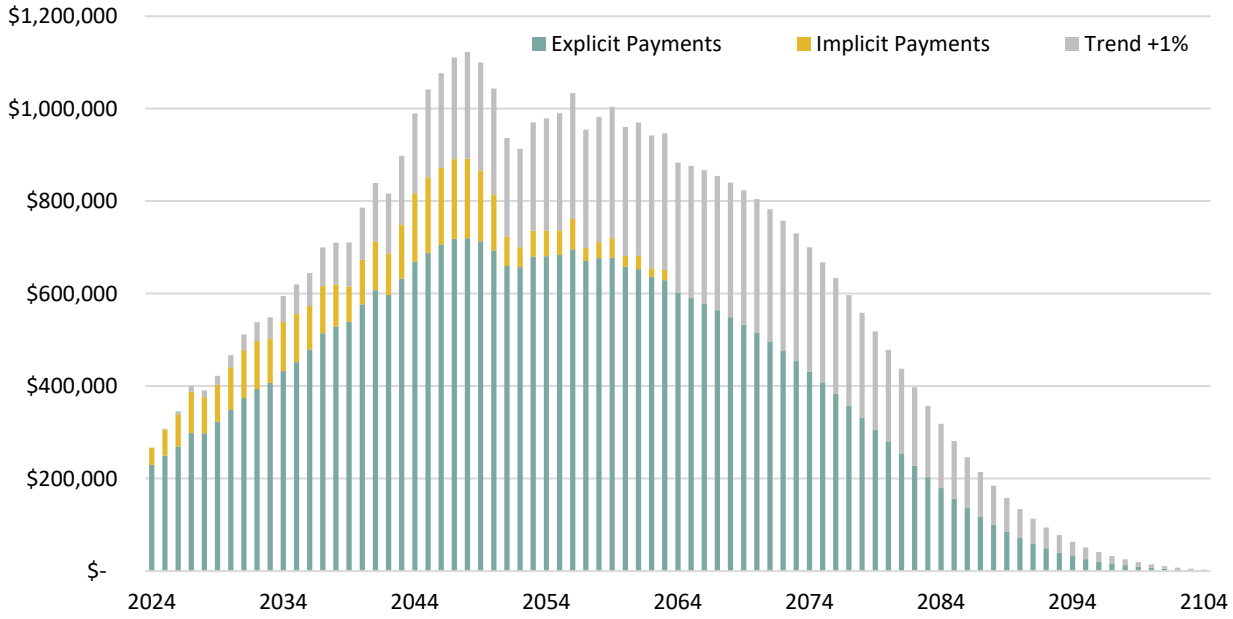
C. Valuation Results as of January 1, 2024

This Section presents the basic results of our recalculation of the OPEB liability using the updated employee data, plan provisions and asset information provided to us for the January 1, 2024, valuation. We described the general process for projecting all future benefits to be paid to retirees and current employees in the preceding Section. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Supporting Information, Section 3.

Lifetime healthcare benefits are paid for qualifying Town retirees. Please see Supporting Information, Section 2 for details.

The following graph illustrates the annual other post-employment benefits projected to be paid on behalf of current retirees and current employees expected to retire from the Town.

OPEB Payments
Projected to be Paid During Retirement to Current Employees and Retirees



The amounts shown in green reflect the expected payment by the Town toward retiree medical premiums while those in yellow reflect the implicit subsidy benefits (i.e., the excess of estimated retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage). The projections in gray reflect increases in benefit levels if healthcare trend were 1% higher.

The first 15 years of benefit payments from the graph above are shown in tabular form on page 21.

Liabilities relating to these projected benefits are shown beginning on the following page.

Valuation Results as of January 1, 2024
(Continued)

This chart compares the results as of June 30, 2023, based on the prior valuation, with the results as of June 30, 2024, based on the current valuation.

Valuation Date	1/1/2022			1/1/2024		
Fiscal Year Ending	**6/30/2023**			**6/30/2024**		
Measurement Date	**6/30/2023**			**6/30/2024**		
Discount rate	5.72%			5.40%		
Number of Covered Employees						
Actives	32			34		
Retirees	22			22		
Total Participants	54			56		
OPEB Subsidy Type	Explicit	Implicit	Total	Explicit	Implicit	Total
Actuarial Present Value of Projected Benefits						
Actives	$ 4,274,748	$ 1,119,523	$ 5,394,272	$ 5,460,329	$ 1,122,061	$ 6,582,390
Retirees	2,355,180	223,143	2,578,323	3,176,605	401,954	3,578,559
Total APVPB	6,629,929	1,342,666	7,972,595	8,636,934	1,524,015	10,160,949
Total OPEB Liability (TOL)						
Actives	2,473,381	722,432	3,195,813	2,512,893	549,675	3,062,568
Retirees	2,355,180	223,143	2,578,323	3,176,605	401,954	3,578,559
TOL	4,828,561	945,575	5,774,136	5,689,498	951,629	6,641,127
Fiduciary Net Position			5,698,124			6,193,812
Net OPEB Liability			76,012			447,315
Service Cost For the period following the measurement date	228,934	52,405	281,339	318,680	59,651	378,330
Ratio of Assets (FNP) to PV Projected Benefits			71.5%			61.0%
Ratio of Assets (FNP) to Total OPEB Liability			98.7%			93.3%

The Net OPEB Liability has increased by $371,303 from that reported one year ago. Some of this change was expected and some was unexpected. Reasons for the change in the NOL are discussed on the following page.

Valuation Results as of January 1, 2024
(Concluded)

Expected NOL changes: The NOL was expected to increase by $169,323, from additional service and interest costs accruing for the period reduced by employer contributions and earnings on trust assets.

Unexpected NOL changes further increased the NOL by $201,980 and fall into one of these categories:

- *Plan experience* increased the NOL by $161,513, reflecting results different than expected based on the prior valuation data and assumptions. The primary reasons are shown in the chart below.
- *Assumption changes* collectively increased the NOL by $352,443. These changes are listed below, with additional information provided on the last page in Supporting Information, Section 3.
- *Investment experience:* Trust asset return exceeded the expected earnings by $311,976, reducing the NOL by this amount.

This chart reconciles results measured on June 30, 2023, to results measured on June 30, 2024.

Reconciliation of Changes During Measurement Period	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2023 *Measurement Date 6/30/2023*	$ 5,774,136	$ 5,698,124	$ 76,012
Expected Changes During the Period:			
Service Cost	281,339		281,339
Interest Cost	338,736		338,736
Expected Investment Income		321,978	(321,978)
Town of Yountville Contributions		128,774	(128,774)
Benefit Payments	(267,040)	(267,040)	-
Total Expected Changes During the Period	353,035	183,712	169,323
Expected at Fiscal Year Ending 6/30/2024 *Measurement Date 6/30/2024*	$ 6,127,171	$ 5,881,836	$ 245,335
Unexpected Changes During the Period:			
Change Due to Investment Experience		311,976	(311,976)
Plan Experience: Changes Other Than Expected From			
Premiums and Estimated Claims	43,830		
New Retirements and Terminations	283,851		
Retiree Mortality	(257,250)		
New Employees Added	52,993		
Change in Medical Plan Selections	37,133		
Other Plan Experience	956		
Change Due to Plan Experience			161,513
Assumption Changes:			
Change in Discount Rate	249,431		
Change in Healthcare Trend	103,012		
Change Due to Assumption Changes			352,443
Total Unexpected Changes During the Period	513,956	311,976	201,980
Balance at Fiscal Year Ending 6/30/2024 *Measurement Date 6/30/2024*	$ 6,641,127	$ 6,193,812	$ 447,315

D. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year ending June 30, 2024. The Town is classified for GASB 75 purposes as a single employer.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2024 *Measurement Date is June 30, 2024*	**Town of Yountville**
Items Impacting Net Position:	
Total OPEB Liability	$ 6,641,127
Fiduciary Net Position	(6,193,812)
Net OPEB Liability (Asset)	447,315
Deferred (Outflows) Due to:	
Assumption Changes	(305,199)
Plan Experience	(139,862)
Investment Experience	(424,275)
Deferred Contributions	-
Deferred Inflows Due to:	
Assumption Changes	118,287
Plan Experience	697,161
Investment Experience	472,424
Impact on Statement of Net Position, FYE 6/30/2024	**$ 865,851**
Items Impacting OPEB Expense:	
Service Cost	$ 281,339
Cost of Plan Changes	-
Interest Cost	338,736
Expected Earnings on Assets	(321,978)
Recognition of Deferred Outflows:	
Assumption Changes	47,244
Plan Experience	21,651
Investment Experience	230,354
Recognition of Deferred (Inflows):	
Assumption Changes	(36,523)
Plan Experience	(191,913)
Investment Experience	(246,631)
OPEB Expense, FYE 6/30/2024	**$ 122,279**

Accounting Information
(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End *Measurement Date*	**6/30/2023** *6/30/2023*	**6/30/2024** *6/30/2024*	**Change During Period**
Total OPEB Liability	$ 5,774,136	$ 6,641,127	$ 866,991
Fiduciary Net Position	(5,698,124)	(6,193,812)	(495,688)
Net OPEB Liability (Asset)	76,012	447,315	371,303
Deferred (Outflows) Due to:			
Assumption Changes	-	(305,199)	(305,199)
Plan Experience	-	(139,862)	(139,862)
Investment Experience	(654,629)	(424,275)	230,354
Deferred Contributions	-	-	-
Deferred Inflows Due to:			
Assumption Changes	154,810	118,287	(36,523)
Plan Experience	889,074	697,161	(191,913)
Investment Experience	407,079	472,424	65,345
Impact on Statement of Net Position	$ 872,346	$ 865,851	$ (6,495)

Change in Net Position During the Fiscal Year	
Impact on Statement of Net Position, FYE 6/30/2023	$ 872,346
OPEB Expense (Income)	122,279
Town of Yountville Contributions During Fiscal Year	(128,774)
Impact on Statement of Net Position, FYE 6/30/2024	$ 865,851

OPEB Expense	
Town of Yountville Contributions During Fiscal Year	$ 128,774
Deterioration (Improvement) in Net Position	(6,495)
OPEB Expense (Income), FYE 6/30/2024	$ 122,279

Accounting Information
(Continued)

Change in Fiduciary Net Position During the Measurement Period

	PARS Account	Advance Benefit Pmts for FY 24/25	Fiduciary Net Position
Fiduciary Net Position at Fiscal Year Ending 6/30/2023 *Measurement Date 6/30/2023*	**$ 5,698,124**		**$ 5,698,124**
Changes During the Period:			
Investment Income	633,954		633,954
Employer Contributions	128,774		128,774
Benefit Payments	(287,391)	20,351	(267,040)
Net Changes During the Period	475,337	20,351	495,688
Fiduciary Net Position at Fiscal Year Ending 6/30/2024 *Measurement Date 6/30/2024*	**$ 6,173,461**	**$ 20,351**	**$ 6,193,812**

Expected Long-term Return on Trust Assets

PARS last updated their projected future investment returns in April 2024. The target allocation and best estimates of geometric returns for each major class are summarized in this table.

PARS Portfolio	Balanced	Expected Returns Years 1-5	Expected Returns Years 1-30
Domestic Equity	47.0%	7.0%	7.5%
International Developed Equity	7.0%	8.2%	7.1%
Emerging Markets Equity	4.0%	8.6%	7.4%
REITs	2.0%	8.4%	7.0%
Short-Term Bonds	6.8%	5.0%	3.7%
Core Fixed Income	27.0%	6.2%	4.7%
High Yield	1.3%	8.3%	6.8%
Cash	4.9%	3.8%	2.7%

To derive the expected future trust return specifically for the Town, we first analyzed the returns, risk, and correlations of each major asset class to produce the portfolio's long-term expected geometric rate of return over a 5 year and 30 year horizon. We then adjusted PARS' future return expectations to align with the 2.5% general inflation assumption used in this report and deducted 62 basis points to account for investment expenses not incorporated in the published returns. Then applying the plan specific benefit payments (as determined from the June 30, 2023, valuation) to PARS' bifurcated return expectations, we determined the single equivalent long-term rate of return to be 6.35%. The Town is somewhat less optimistic about the future trust earnings and applies an additional 50 basis point margin, resulting in an assumed long term return of 5.85%.

This methodology of setting the valuation discount rate is consistent with the "level cost actuarial methodology" recommended by the California Actuarial Advisory Panel. Level cost funding "… is *characterized* by economic assumptions based on the long term expected experience of the plan … in contrast to a 'market based actuarial methodology' where economic assumptions are based on current market observations…"[3]

[3] See "Actuarial Funding Policies and Practices for Public Pension and OPEB Plans", November 2015, California Actuarial Advisory Panel.

Accounting Information
(Continued)

Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior measurement period and/or from assumption changes during the period are recognized over the plan's Expected Average Remaining Service Life ("EARSL"). The EARSL of 7.46 years is the period used to recognize such changes in the OPEB Liability arising during the current measurement period.

When applicable, changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

Liability changes attributable to benefit changes occurring during the period, if any, are recognized immediately.

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2024.

Town of Yountville	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 305,199	$ 118,287
Differences Between Expected and Actual Experience	139,862	697,161
Net Difference Between Projected and Actual Earnings on Investments	-	48,149
Deferred Contributions	-	-
Total	$ 445,061	$ 863,597

In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2025	$ (194,033)
2026	(29,103)
2027	(177,883)
2028	(144,674)
2029	26,571
Thereafter	100,586

Accounting Information
(Continued)

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

The discount rate used for accounting purposes for the fiscal year end 2023 is 5.40%. Healthcare Cost Trend Rate was assumed to start at 6.5% (increase effective January 1, 2025) and grade down to 3.9% for years 2075 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	**Current - 1% 4.40%**	**Current 5.40%**	**Current + 1% 6.40%**
Total OPEB Liability	7,599,162	6,641,127	5,857,813
Increase (Decrease)	958,035		(783,314)
% Increase (Decrease)	14.4%		-11.8%
Net OPEB Liability (Asset)	1,405,350	447,315	(335,999)
Increase (Decrease)	958,035		(783,314)
% Increase (Decrease)	214.2%		-175.1%
Change in Healthcare Cost Trend Rate	**Current Trend - 1%**	**Current Trend**	**Current Trend + 1%**
Total OPEB Liability	5,771,216	6,641,127	7,729,437
Increase (Decrease)	(869,911)		1,088,310
% Increase (Decrease)	-13.1%		16.4%
Net OPEB Liability (Asset)	(422,596)	447,315	1,535,625
Increase (Decrease)	(869,911)		1,088,310
% Increase (Decrease)	-194.5%		243.3%

Accounting Information
(Continued)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios

Fiscal Year Ending June 30	2024	2023	2022	2021	2020	2019	2018
Measurement Date	*6/30/2024*	*6/30/2023*	*6/30/2022*	*6/30/2021*	*6/30/2020*	*6/30/2019*	*6/30/2018*
Discount Rate on Measurement Date	*5.40%*	*5.72%*	*5.72%*	*6.00%*	*6.00%*	*5.65%*	*5.65%*
Total OPEB liability							
Service Cost	$ 281,339	$ 273,145	$ 345,419	$ 335,358	$ 333,804	$ 323,297	$ 313,121
Interest	338,736	318,482	373,791	343,104	326,187	299,254	274,234
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	161,513	-	(966,476)	-	(424,734)	-	-
Changes of assumptions	352,443	-	(134,059)	-	(130,013)	-	-
Benefit payments	(267,040)	(224,432)	(192,323)	(161,833)	(161,410)	(151,304)	(158,101)
Net change in total OPEB liability	866,991	367,195	(573,648)	516,629	(56,166)	471,247	429,254
Total OPEB liability - beginning	5,774,136	5,406,941	5,980,589	5,463,960	5,520,126	5,048,879	4,619,625
Total OPEB liability - ending (a)	$ 6,641,127	$ 5,774,136	$ 5,406,941	$ 5,980,589	$ 5,463,960	$ 5,520,126	$ 5,048,879
Plan fiduciary net position							
Contributions - employer	$ 128,774	$ 341,478	$ 417,323	$ 46,833	$ 405,199	$ 1,102,044	$ 574,451
Net investment income	633,954	396,433	(713,545)	1,102,353	157,855	236,316	174,585
Benefit payments	(267,040)	(224,432)	(192,323)	(161,833)	(161,410)	(151,304)	(158,101)
Administrative expenses	-	-	-	-	-	(8,263)	(11,973)
Net change in plan fiduciary net position	495,688	513,479	(488,545)	987,353	401,644	1,178,793	578,962
Plan fiduciary net position - beginning	5,698,124	5,184,645	5,673,190	4,685,837	4,284,193	3,105,400	2,526,438
Plan fiduciary net position - ending (b)	$ 6,193,812	$ 5,698,124	$ 5,184,645	$ 5,673,190	$ 4,685,837	$ 4,284,193	$ 3,105,400
Net OPEB liability - ending (a) - (b)	$ 447,315	$ 76,012	$ 222,296	$ 307,399	$ 778,123	$ 1,235,933	$ 1,943,479
Covered payroll (measurement period)	$ 4,382,040	$ 4,226,240	$ 3,555,195	$ 3,594,064	$ 3,331,741	$ 3,083,079	$ 3,313,486
Net OPEB liability as a % of covered payroll	10.21%	1.80%	6.25%	8.55%	23.35%	40.09%	58.65%

Accounting Information
(Continued)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios
(concluded)

Fiscal Year Ending June 30	2024	2023	2022	2021	2020	2019	2018
Measurement Date	*6/30/2024*	*6/30/2023*	*6/30/2022*	*6/30/2021*	*6/30/2020*	*6/30/2019*	*6/30/2018*
Discount Rate on Measurement Date	*5.85%*	*5.72%*	*5.72%*	*6.00%*	*6.00%*	*5.65%*	*5.65%*

Notes to Schedule

Valuation Date	1/1/2024	1/1/2022	1/1/2020	7/1/2017
Actuarial cost method	Entry Age Normal	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay
Inflation	2.50%	2.50%	2.50%	2.75%
Healthcare cost trend rates	5.6% in 2023, grading down to 3.9% by 2076	5.6% in 2023, grading down to 3.9% by 2076	6.50% in 2021, fluctuating down to 4.00% by 2075	7.50% in 2019, stepping down 0.5% each yr to 5.0% in 2024
Salary increases	3.00%	3.00%	3.00%	3.25%
Retirement age	From 50 to 75	From 50 to 75	From 50 to 75	From 50 to 75
Mortality	CalPERS 2021 Experience Study	CalPERS 2021 Experience Study	CalPERS 2017 Experience Study	CalPERS 2014 Experience Study
Mortality Improvement	MacLeod Watts Scale 2022	Macleod Watts Scale 2022	Macleod Watts Scale 2018	Macleod Watts Scale 2017

Accounting Information
(Continued)

Schedule of Contributions

Fiscal Year End June 30	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 308,338	$ 299,915	$ 425,804	$ 414,051	$ 480,409	$ 466,440	$ 359,315
Contributions in relation to the ADC	128,774	521,797	417,323	46,833	405,199	1,102,044	574,451
Contribution deficiency (excess)	$ 179,564	$ (221,882)	$ 8,481	$ 367,218	$ 75,210	$ (635,604)	$ (215,136)
Covered employee payroll	$ 4,382,040	$ 4,226,240	$ 3,555,194	$ 3,594,064	$ 3,331,741	$ 3,083,079	$ 3,313,486
Contributions as % of covered payroll	2.94%	12.35%	11.74%	1.30%	16.30%	35.74%	17.34%
Percent of ADC contributed	41.76%	173.98%	98.01%	11.31%	84.34%	236.27%	159.87%

Notes to Schedule - assumptions used to develop the Actuarially Determined Contributions

Valuation Date	1/1/2022		1/1/2020		7/1/2017		
Actuarial cost method	Entry Age Normal Level % of Pay		Entry Age Normal Level % of Pay		Entry Age Normal Level % of Pay		
Amortization method	Level % Pay, Open 30 yr period		Level % of Pay, Closed 30 year period		Level % of Pay, Closed 30 year period		
Amortization period	30 yrs	30 yrs	18 yrs remain	19 yrs remain	20 yrs remain	21 yrs remain	22 yrs remain
Asset valuation method	Market value		Market value		Market Value		
Inflation	2.50%		2.50%		2.75%		
Healthcare cost trend rates	5.6% in 2023, grading down to 3.9% by 2076		6.50% in 2021, fluctuating down to 4.00% by 2075		7.50% in 2019, stepping down 0.5% each yr to 5.0% in 2024		
Salary increases	3.00%		3.00%		3.25%		
Investment rate of return	5.72%		6.00%		5.65%		
Retirement age	From 50 to 75		From 50 to 75		From 50 to 75		
Mortality	CalPERS 2021 Experience Study		CalPERS 2017 Experience Study		CalPERS 2014 Experience Study		
Mortality Improvement	Macleod Watts Scale 2022		MacLeod Watts Scale 2018		MacLeod Watts Scale 2017		

Accounting Information
(Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Town of Yountville	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows:				(e) Deferred Inflows:			Impact on Statement of Net Position (f) = (c) - (d) + (e)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	Assumption Changes	Plan Experience	Investment Experience	
Balance at Fiscal Year Ending 6/30/2023 *Measurement Date 6/30/2023*	$ 5,774,136	$ 5,698,124	$ 76,012	$ -	$ -	$ 654,629	$ -	$ 154,810	$ 889,074	$ 407,079	$ 872,346
Changes During the Period:											
Service Cost	281,339		281,339								281,339
Interest Cost	338,736		338,736								338,736
Expected Investment Income		321,978	(321,978)								(321,978)
Town of Yountville Contributions		128,774	(128,774)								(128,774)
Changes of Benefit Terms	-		-								-
Benefit Payments	(267,040)	(267,040)	-								-
Assumption Changes	352,443		352,443	352,443							-
Plan Experience	161,513		161,513		161,513						-
Investment Experience		311,976	(311,976)							311,976	-
Recognized Deferred Resources				(47,244)	(21,651)	(230,354)		(36,523)	(191,913)	(246,631)	(175,818)
Contributions After Measurement Date											-
Net Changes in Fiscal Year 2023-2024	866,991	495,688	371,303	305,199	139,862	(230,354)	-	(36,523)	(191,913)	65,345	(6,495)
Balance at Fiscal Year Ending 6/30/2024 *Measurement Date 6/30/2024*	$ 6,641,127	$ 6,193,812	$ 447,315	$ 305,199	$ 139,862	$ 424,275	$ -	$ 118,287	$ 697,161	$ 472,424	$ 865,851

Accounting Information
(Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below.

Measurement Date: June 30, 2024

Deferred Outflow or (Inflow)							Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Source	Impact on Net OPEB Liability (NOL)	Initial Amount	Period (Yrs)	Annual Recognition	Balance as of Jun 30, 2024	2023-24 (FYE 2024)	2024-25 (FYE 2025)	2025-26 (FYE 2026)	2026-27 (FYE 2027)	2027-28 (FYE 2028)	2028-29 (FYE 2029)	Thereafter
6/30/2020	Plan Experience	Decreased NOL	$ (424,734)	7.18	$ (59,155)	$ (128,959)	$ (59,155)	$ (59,155)	$ (59,155)	$ (10,649)	$ -	$ -	$ -
6/30/2020	Assumption Changes	Decreased NOL	(130,013)	7.18	(18,108)	(39,473)	(18,108)	(18,108)	(18,108)	(3,257)	-	-	-
6/30/2020	Investment Earnings	Increased NOL	91,089	5.00	18,218	-	18,217	-	-	-	-	-	-
6/30/2021	Investment Earnings	Decreased NOL	(824,653)	5.00	(164,931)	(164,929)	(164,931)	(164,929)	-	-	-	-	-
6/30/2022	Plan Experience	Decreased NOL	(966,476)	7.28	(132,758)	(568,202)	(132,758)	(132,758)	(132,758)	(132,758)	(132,758)	(37,170)	-
6/30/2022	Assumption Changes	Decreased NOL	(134,059)	7.28	(18,415)	(78,814)	(18,415)	(18,415)	(18,415)	(18,415)	(18,415)	(5,154)	-
6/30/2022	Investment Earnings	Increased NOL	1,060,686	5.00	212,137	424,275	212,137	212,137	212,138	-	-	-	-
6/30/2023	Investment Earnings	Decreased NOL	(96,524)	5.00	(19,305)	(57,914)	(19,305)	(19,305)	(19,305)	(19,304)	-	-	-
6/30/2024	Plan Experience	Increased NOL	161,513	7.46	21,651	139,862	21,651	21,651	21,651	21,651	21,651	21,651	31,607
6/30/2024	Assumption Changes	Increased NOL	352,443	7.46	47,244	305,199	47,244	47,244	47,244	47,244	47,244	47,244	68,979
6/30/2024	Investment Earnings	Decreased NOL	(311,976)	5.00	(62,395)	(249,581)	(62,395)	(62,395)	(62,395)	(62,395)	(62,396)	-	-

Accounting Information
(Continued)

Detail of Town Contributions to the Plan

Town contributions to the Plan occur as benefits are paid to or on behalf of retirees and/or as contributions are made to the OPEB trust. Benefit payments may occur in the form of direct payments for premiums ("explicit subsidies") and/or indirect payments to retirees in the form of higher premiums for active employees ("implicit subsidies"). Note that the implicit subsidy contribution does not represent cash payments to retirees, but rather the reclassification of a portion of active healthcare expense to be recognized as a retiree healthcare cost. For details, see Appendices for a description of implicit subsidy plan contributions.

Retiree health benefits paid during the measurement period are shown below.

For the Measurement Period, Jul 1, 2023 thru Jun 30, 2024	**Town of Yountville**
Employer	
(a) Contribution To Trust	$ 104,095
(b) Benefits Paid Directly To or On Behalf of Retirees	229,576
(c) Implicit Subsidy Payment	37,464
Trust	
(d) Benefits Paid Directly To or On Behalf of Retirees	-
(e) Reimbursements to Employer	242,361
Total Benefits Paid During the MP, (b)+(c)+(d)	267,040
Employer Contribution During the MP, (a)+(b)+(c)-(e)	128,774

There are no deferred contributions to be recognized since the measurement date is the last day of the current fiscal year.

Accounting Information
(Continued)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the Town. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2024	$ 229,576	$ -	$ 229,576	$ 37,464	$ -	$ 37,464	$ 267,040
2025	233,428	16,353	249,781	50,542	5,469	56,011	305,792
2026	242,187	27,558	269,745	59,557	9,942	69,499	339,244
2027	250,386	48,500	298,886	69,541	19,991	89,532	388,418
2028	229,112	68,998	298,110	45,716	31,990	77,706	375,816
2029	225,377	97,300	322,677	40,055	39,860	79,915	402,592
2030	231,040	117,362	348,402	46,687	45,495	92,182	440,584
2031	225,291	148,872	374,163	39,488	64,026	103,514	477,677
2032	218,220	175,736	393,956	31,587	71,746	103,333	497,289
2033	209,942	196,830	406,772	21,821	73,274	95,095	501,867
2034	213,207	219,246	432,453	25,283	80,910	106,193	538,646
2035	202,744	249,089	451,833	13,048	90,914	103,962	555,795
2036	204,795	274,082	478,877	15,144	78,980	94,124	573,001
2037	206,342	308,012	514,354	17,454	84,700	102,154	616,508
2038	192,089	336,912	529,001	-	90,370	90,370	619,371

The amounts shown in the Explicit Subsidy section of the table reflect the expected payment by the Town toward retiree medical premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date ("current retirees") and those expected to retire after the valuation date ("future retirees").

The amounts shown in the Implicit Subsidy section reflect the estimated excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Accounting Information
(Concluded)

Sample Journal Entries

OPEB Accounts at Beginning of Fiscal Year	*By Source*		*Sources Combined*	
	Debit	**Credit**	**Debit**	**Credit**
Net OPEB Liability		76,012		76,012
Deferred Outflow:				
Assumption Changes	-			
Plan Experience	-			
Investment Experience	654,629			
Contribution Subsequent to MD	-			
Deferred Outflows			654,629	
Deferred Inflow:				
Assumption Changes		154,810		
Plan Experience		889,074		
Investment Experience		407,079		
Deferred Inflows				1,450,963

Record Benefits Paid to Retirees	**Debit**	**Credit**
Net OPEB Liability	229,576	
Cash		229,576

Record Contributions to the Trust	**Debit**	**Credit**
Net OPEB Liability	104,095	
Cash		104,095

Record Reimbursements from the Trust	**Debit**	**Credit**
Cash	242,361	
Net OPEB Liability		242,361

Record Implicit Subsidy Payment	**Debit**	**Credit**
Net OPEB Liability	37,464	
Premium Expense		37,464

Record End of Year Updates to OPEB Accounts	*By Source*		*Sources Combined*	
	Debit	**Credit**	**Debit**	**Credit**
Net OPEB Liability		500,077		500,077
Deferred Outflow:				
Assumption Changes	305,199			
Plan Experience	139,862			
Investment Experience		230,354		
Contribution Subsequent to MD				
Deferred Outflows			214,707	
Deferred Inflow:				
Assumption Changes	36,523			
Plan Experience	191,913			
Investment Experience		65,345		
Deferred Inflows			163,091	
OPEB Expense	122,279		122,279	

E. Funding Information

The employer's OPEB funding policy and level of contributions to an irrevocable OPEB trust directly affects the discount rate which is used to calculate the OPEB liability to be reported in the employer's financial statements. Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. Prefunding also improves the security of benefits for current and potential future recipients and contributes to intergenerational taxpayer equity by better matching the cost of the benefits to the service years in which they are "earned" and which correspond to years in which taxpayers benefit from those services.

Paying Down the UAAL

Once an employer decides to prefund, a decision must be made about how to pay for benefits related to accumulated prior service that have not yet been funded (the Unfunded Actuarial Accrued Liability, or UAAL[4]). This is most often, though not always, handled through structured amortization payments. The period and method chosen for amortizing this unfunded liability can significantly affect the Actuarially Determined Contribution (ADC) or other basis selected for funding the OPEB program.

Much like paying off a mortgage, when the Actuarial Accrued Liability (AAL) exceeds plan assets, choosing a longer amortization period to pay off the UAAL means smaller payments, but the payments will be required for more years; plan investments will have less time to work toward helping reduce required contribution levels. When the plan is in a surplus position, the reverse is true, and a longer amortization period is usually preferable.

There are several ways the amortization payment can be determined. The most common methods are calculating the amortization payment as a level dollar amount or as a level percentage of payroll. The employer might also choose to apply a shorter period when the UAAL is positive, i.e., when trust assets are lower than the AAL, but opt for a longer period or to exclude amortization of a negative UAAL, when assets exceed the AAL. The entire UAAL may be amortized as one single component or may be broken into multiple components reflecting the timing and source of each change, such as those arising from assumption changes, benefit changes and/or liability or investment experience.

The amortization period(s) should not exceed the number of years which would allow current trust assets plus future contributions and earnings to be sufficient to pay all future benefits and trust expenses each year. Prefunding of OPEB is optional and contributions at any level are permitted. However, if trust sufficiency is not expected, a discount rate other than the assumed trust return will likely be required for accounting purposes.

Funding and Prefunding of the Implicit Subsidy

An implicit subsidy liability is created when retiree medical claims are expected to exceed the premiums charged for retiree coverage. Recognition of the estimated implicit subsidy each year is handled by an accounting entry, reducing the amount paid for active employees and shifting that amount to be treated as a retiree healthcare expense/contribution (see Sample Journal Entries). The implicit subsidy is a true benefit to the retiree but can be difficult to see when medical premiums are set as a flat rate for both actives and pre-Medicare retirees.

[4] We use actuarial, rather than accounting, terminology to describe the components used to develop the ADCs.

Funding Information
(Continued)

This might lead some employers to believe the benefit is not real or is merely an accounting construct, and thus to forgo prefunding of retiree implicit benefits.

Consider what would happen if the retiree premiums were based only on expected retiree claims experience. Almost certainly, retiree premiums would increase while premiums for active employees would go down if the active premiums no longer had to help support the higher retiree claims. *Who would pay the increases in retiree premiums*? Current plan documents and bargaining agreements would have to be consulted. Depending on circumstances, the increase in retiree premiums might remain the responsibility of the employer, pass entirely to the retirees, or some blending of the two. The answer would determine whether separate retiree-only premium rates would result in a higher or lower employer OPEB liability. In the current premium structure, with blended active and pre-Medicare retiree premiums, the employer is clearly, though indirectly, paying the implicit retiree cost.

The prefunding decision is complex. OPEB materiality, budgetary concerns, desire to use the full trust rate in developing the liability for GASB 75, and other factors must be weighed by each employer. Since prefunding OPEB benefits is not required, each employer's OPEB prefunding strategy will depend on how they balance these competing perspectives.

Development of the Actuarially Determined Contributions

The Town has approved development of ADCs based on the following two components, which are then adjusted with interest to each fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL) over a closed 30-year period. Amortization payments are determined on a level dollar basis.

Actuarially Determined Contributions, developed as described above for the Town's fiscal years ending June 30, 2025, and 2026 are shown in the exhibit on the next page. These ADCs incorporate both explicit (cash benefit) and implicit subsidy benefit liabilities. Contributions credited toward meeting the ADC will be comprised of:

1) direct payments to insurers toward retiree premiums, to the extent not reimbursed to the Town by the trust; plus
2) each year's implicit subsidy payment; and
3) contributions to the OPEB trust.

ADCs determined on this basis should provide for trust sufficiency, based on the current plan provisions and census data, provided all assumptions are exactly realized and if the Town contributes 100% or more of the ADC each year. When an agency commits to funding the trust at or above the ADC, the expected long-term trust return may be used as the discount rate in determining the plan liability for accounting purposes. Trust sufficiency cannot be guaranteed to a certainty, however, because of the non-trivial risk that the assumptions used to project future benefit liabilities may not be realized.

Funding Information
(Continued)

We develop the Actuarially Determined Contributions (ADCs) for fiscal years ending June 30, 2025, and June 30, 2026, from the results of this valuation. The ADC for fiscal year end June 30, 2024, was developed from the prior (2022) valuation and we have included this for reference as well.

Valuation date	**1/1/2022**	**1/1/2024**	
Discount rate	5.72%	5.85%	
Number of Covered Employees			
Actives	32	34	
Retirees	22	22	
Total Participants	54	56	
For fiscal year ending	6/30/2024	6/30/2025	6/30/2026
Active APVPB	5,637,529	5,790,857	6,129,622
Retiree APVPB	2,488,802	3,195,514	3,067,716
Actuarial Present Value of Projected Benefits	$ 8,126,331	$ 8,986,371	$ 9,197,337
Actuarial Accrued Liability (AAL)			
Actives	3,288,150	3,167,036	3,700,994
Retirees	2,488,802	3,195,514	3,067,716
Total AAL	5,776,952	6,362,550	6,768,710
Actuarial Value of Assets	5,559,428	6,410,073	6,632,360
Unfunded AAL (UAAL)	217,524	(47,523)	136,350
UAAL Amortization method	Level % of Pay	Level Dollar	Level Dollar
Remaining amortization period (years)	30	30	29
Amortization Factor	21.0852	14.8069	14.6147
Actuarially Determined Contribution (ADC)			
Normal Cost	$ 281,339	$ 329,417	$ 339,299
Amortization of UAAL	10,317	(3,210)	9,330
Interest to fiscal year end	16,682	19,083	20,395
Total ADC	**308,338**	**345,290**	**369,024**

Actual contributions as reported to us by the Town are shown for FYE 2024. These contributions were less than the ADC.

Expected Town contributions for FYE 2025 and FYE 2026 are made up of two parts: the implicit subsidy contribution (an indirect cost to providing the described benefits) and the PARS Trust contribution. The Trust is expected to pay all retiree benefit invoices; the Town does not directly pay for any retiree medical or dental benefits.

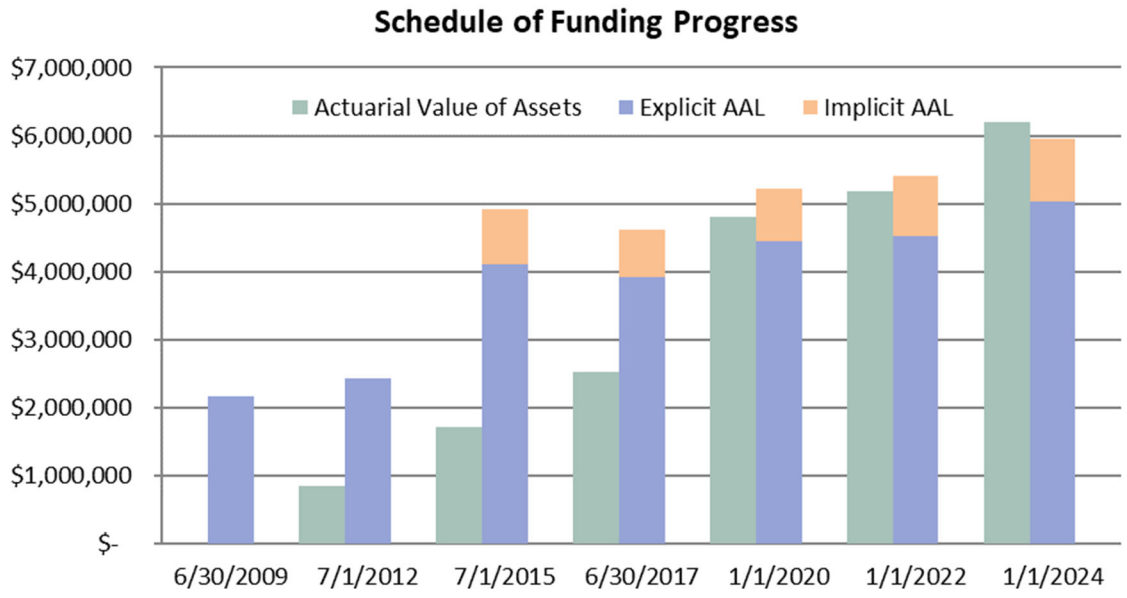
1 Implicit subsidy contribution	$ 37,464	$ 56,011	$ 69,499
2 Retiree premiums paid by the Town	229,576	-	-
3 Town contribution to the trust	104,095	106,023	115,543
4 Less Town Reimbursement from the Trust	(242,361)	-	-
Total Projected Employer Contributions (1+2+3+4)	**$ 128,774**	**$ 162,034**	**$ 185,042**

Funding Information
(Concluded)

In this section, we provide a review of key components of valuation results from 2009 through 2024. The discount rate shown for 2024 is based on the expected trust rate of return which is different from the discount rate used for accounting purposes.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Discount Rate
6/30/2009	$ -	$ 2,177,000	$ 2,177,000	0.0%	$ 1,742,000	125.0%	6.00%
7/1/2012	$ 859,692	$ 2,437,078	$ 1,577,386	35.3%	$ 1,907,340	82.7%	6.00%
7/1/2015	$ 1,721,675	$ 4,921,140	$ 3,199,465	35.0%	$ 2,355,762	135.8%	5.65%
6/30/2017	$ 2,526,438	$ 4,619,624	$ 2,093,186	54.7%	$ 3,313,486	63.2%	5.65%
1/1/2020	$ 4,796,888	$ 5,219,563	$ 422,675	91.9%	$ 3,083,079	13.7%	6.00%
1/1/2022	$ 5,184,645	$ 5,406,941	$ 222,296	95.9%	$ 3,555,194	6.3%	5.72%
1/1/2024	$ 6,193,812	$ 5,957,651	$ (236,161)	104.0%	$ 4,382,040	-5.4%	5.85%



Significant changes during this period include:

- *July 1, 2015*: substantial AAL increases from (a) first time recognition of the implicit subsidy liability relating to medical coverage; (b) increases from assumption changes, including discount rate from 6.0% to 5.65%, updated demographic assumptions and mortality projection; and (c) unfavorable plan experience relative to expected results from the prior valuation.
- *June 30, 2017*: lower than expected medical premiums/benefit caps reduced liability
- *January 1, 2020*: Favorable plan experience from lower than projected medical premiums and some expected employee turnover combined with liability decreases from some assumption changes; increased discount rate from 5.65% to 6.0%.
- *January 1, 2024: (values shown above were adjusted to 6/30/24)* Increased discount rate; updated healthcare trend

F. Certification

The primary purposes of this report are: (1) to provide actuarial information of the other postemployment benefits (OPEB) provided by the Town of Yountville (the Town) in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75); and (2) to provide Actuarially Determined Contributions for prefunding of this program in conformity with the Town's OPEB funding policy. The Town is not required to contribute the ADC shown in this report and we make no representation that it will, in fact, fund the OPEB trust at any particular level.

In preparing this report we relied without audit on information provided by the Town. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75 and in accordance with the Town's stated OPEB funding policy. Results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.

This report is prepared solely for the use and benefit of the Town and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions: the Town may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and the Town may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned are unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. The signing actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: September 30, 2024

Catherine L. MacLeod, FSA, FCA, EA, MAAA

J. Kevin Watts, FSA. FCA, MAAA

G. Supporting Information

Section 1 - Summary of Employee Data

Active employees: The Town reported 34 active members in the data provided to us for the January 1, 2024, valuation. Of these 29 were currently enrolled in the medical program, with 5 waiving coverage.

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25							0	0%
25 to 29		2					2	6%
30 to 34		3	1				4	12%
35 to 39		5	2		1		8	24%
40 to 44		2	1		3		6	18%
45 to 49	1	1		1			3	9%
50 to 54	1		1	1		1	4	12%
55 to 59		1	2		1		4	12%
60 to 64	1	1					2	6%
65 to 69		1					1	3%
70 & Up							0	0%
Total	3	16	7	2	5	1	**34**	**100%**
Percent	9%	47%	21%	6%	15%	3%	**100%**	

Valuation	January 2022	January 2024
Average Attained Age for Actives	44.5	44.6
Average Years of Service	8.9	8.1

Retirees: There are also 22 retirees receiving benefits under this program on the valuation date. Their current ages are summarized in the chart at right, as well as the average age at retirement.

Retirees by Age		
Current Age	**Number**	**Percent**
Below 50	0	0%
50 to 54	1	5%
55 to 59	2	9%
60 to 64	4	18%
65 to 69	2	9%
70 to 74	7	32%
75 to 79	1	5%
80 & up	5	23%
Total	**22**	**100%**
Average Age:		
On 1/1/2024	71.6	
At retirement	59.5	

Summary of Plan Member Counts: The numbers of those members currently or potentially eligible to receive benefits under the OPEB plan are required to be reported in the notes to the financial statements.

Summary of Plan Member Counts	
Number of active plan members	34
Number of inactive plan members currently receiving benefits	22
Number of inactive plan members entitled to but not receiving benefits	3

Supporting Information
(Continued)

Section 1 - Summary of Employee Data
(continued)

The chart below reconciles the number of actives and retirees included in the January 2022 valuation of the Town plan with those included in the January 2024 valuation:

Reconciliation of Town Plan Members Between Valuation Dates					
Status	Covered Actives	Waiving Actives	Covered Retirees	Covered Surviving Spouses	Total
Number reported as of January 1, 2022	26	6	18	4	54
New employees	9				9
Separated employees	(2)	(2)			(4)
New retiree, elected coverage	(3)		3		0
New retiree, waiving coverage					0
Previously covered, now waiving	(2)	2	(1)		(1)
Previously waiving, now covered	1	(1)			0
Deceased			(2)	0	(2)
Number reported as of January 1, 2024	**29**	**5**	**18**	**4**	**56**

The number of active plan members was a net increase of 2, or about 6%. The number of covered retirees did not change.

Retiree benefits vary to some extent by their date of hire, as description in the following section. The chart below shows plan member counts by their benefit group:

Participants by Benefit Group			
Date of Hire	**Actives**	**Retirees**	**Total**
Before 7/1/2009	7	20	27
Between 7/1/2009 and 12/31/2010	1	0	1
After 12/31/2010	26	2	28
Total	**34**	**22**	**56**

Supporting Information
(Continued)

Section 2 - Summary of Retiree Benefit Provisions

OPEB provided: The Town reported that the only OPEB provided is medical plan coverage.

Access to coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous PEPRA employee) with 5 years of State or public agency service or (b) an approved disability retirement. The employee must begin his or her *pension* benefit within 120 days of terminating employment with the Town[5] to be eligible to continue medical coverage through the Town and be entitled to the employer subsidy described below.

Once eligible, a retiree or survivor may enroll within 60 days of retirement *or during any future open enrollment period*. Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

Benefits provided: As a condition of participation in the CalPERS medical program, the Town is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. A surviving spouse and other eligible dependents who continue coverage are entitled to receive the Town contribution.

The Town currently maintains two different types of resolutions with CalPERS defining the level of the Town's contribution. The resolutions apply to those eligible for coverage (as described above), based on the employee's hire date:

- *Retirees hired before July 1, 2009:* While the current "equal contribution" resolution covering these employees limits the Town's contribution to 90% of Kaiser Bay Basic premium rates, in practice, the Town pays 100% of the medical premiums for retirees and their eligible covered dependents in the CalPERS medical plan of their choice.
- *Retirees hired on or after July 1, 2009,* are covered by a PEMHCA 'Vesting' resolution, which provides that the Town will pay 100% of the medical premium for the retiree and any dependents up to a maximum benefit. The maximum benefit is equal to: (a) dollar caps which vary by coverage level *multiplied by* (b) a vesting percentage based on the retiree's years of CalPERS membership.
    - For retirees hired between July 1, 2009, and December 31, 2010, the maximum benefit is *the greater of* 100% of the Kaiser Bay Basic premium and the "100/90" formula caps.
    - For retirees hired on or after January 1, 2011, the maximum benefit is *the greater of* 90% of the Kaiser Bay Basic premium and the "100/90" formula caps.

[5] Employees covered by the PEMHCA Vesting Resolution who work at least 20 years for the Town are not subject to the requirement to begin their pension benefit within 120 days of leaving the Town employment.

Supporting Information
(Continued)

Section 2 - Summary of Retiree Benefit Provisions

- *Retirees hired on or after July 1, 2009 – continued:*

  The top section of this chart summarizes the components used to determine the maximum monthly benefit (before vesting is applied). The lower section shows the maximum amounts per month for 2024:

Components of Maximum	Employee Only	Employee + 1	Employee + 2
100% of Kaiser Premium	$ 1,021.41	$ 2,042.82	$ 2,655.67
90% of Kaiser Premium	919.27	1,838.54	2,390.10
100/90 Formula Caps	983.00	1,890.00	2,366.00
Applicable Maximum	Ee Only	Ee & 1	Ee & 2+
Max for those hired 7/1/2009 thru 12/31/2010	$ 1,021.41	$ 2,042.82	$ 2,655.67
Max for those hired 1/1/2011 and later	983.00	1,890.00	2,390.10

The vesting percentage applied from the table shown to the right is applied to the maximum benefit amount determined above. The retiree receives the lesser of (a) the actual monthly premium and (b) the vested percentage of his or her applicable maximum amount.

Years of Qualifying Service	Vested Percent	Years of Qualifying Service	Vested Percent
Less than 10	0%	15	75%
10	50%	16	80%
11	55%	17	85%
12	60%	18	90%
13	65%	19	95%
14	70%	20 or more	100%

Unlike retirees hired prior to July 2009, those covered by the vesting resolution who complete at least 20 years of service with the Town are entitled to these subsidized medical benefits even if they terminate employment prior to reaching age 50.

Note that 100% vesting applies, regardless of service, for employees who retire on disability retirement.

Current premium rates: The 2024 CalPERS monthly medical plan rates in the Region 1 rate group are shown in the table below. If different rates apply where the member resides outside of this area, those rates are reflected in the valuation, but not listed here. The CalPERS administration fee is assumed to be expensed each year and has not been projected as an OPEB liability in this valuation.

Region 1 2024 Health Plan Rates						
	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
Plan	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Kaiser HMO*	$ 1,021.41	$ 2,042.82	$ 2,655.67	$ 386.55	$ 773.10	$ 1,159.65
PERS Platinum PPO	1,314.27	2,628.54	3,417.10	448.15	896.30	1,344.45
PERS Gold PPO	914.82	1,829.64	2,378.53	406.60	813.20	1,219.80
Western Health Advantage HMO	807.23	1,614.46	2,098.80	268.62	537.24	805.86

**Medicare rates shown are for Kaiser Medcare Advantage Summit*

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. Actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Important Dates

Valuation Date	January 1, 2024
Fiscal Year End	June 30, 2024
GASB 75 Measurement Date	June 30, 2024 (last day of the current year)

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Development of Age-related Medical Premiums	Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology (see Appendices). Pre-Medicare retiree premiums are blended with premiums for active members. Medicare-eligible retirees are covered by plans which are rated solely on the experience of Medicare retirees with no subsidy by active employee premiums. Monthly baseline premium costs were set equal to the active single premiums shown in the chart in Section 2. Representative claims costs derived from the dataset provided by CalPERS are shown in the chart on the following page. Estimated age-based claims were applied (a) for all retirees not yet eligible for Medicare and (b) for Medicare retirees receiving benefits covered by Medicare Supplement plans.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Development of Age-related
Medical Premiums (continued)

Region	Medical Plan	Expected Monthly Claims by Medical Plan for Selected Ages - Male											
		Non-Medicare Retirees					Medicare Retirees						
		50	53	56	59	62	65	70	75	80	85	90	95
Region 1	Kaiser HMO	$ 934	$ 1,102	$ 1,280	$ 1,467	$ 1,667	$ 387	$ 387	$ 387	$ 387	$ 387	$ 387	$ 387
	PERS Gold PPO	886	1,045	1,213	1,391	1,581	349	391	425	445	439	420	416
	PERS Platinum PPO	1,299	1,531	1,779	2,039	2,318	381	427	464	486	480	458	454
	Western Health Advantage HMO	835	984	1,143	1,310	1,490	269	269	269	269	269	269	269
Region 2	Kaiser HMO	839	989	1,149	1,317	1,497	387	387	387	387	387	387	387
Out of State	PERS Platinum	819	965	1,121	1,285	1,461	381	427	464	486	480	458	454
Region	**Medical Plan**	**Expected Monthly Claims by Medical Plan for Selected Ages - Female**											
		Non-Medicare Retirees					Medicare Retirees						
		50	53	56	59	62	65	70	75	80	85	90	95
Region 1	Kaiser HMO	$ 1,158	$ 1,272	$ 1,368	$ 1,479	$ 1,630	$ 387	$ 387	$ 387	$ 387	$ 387	$ 387	$ 387
	PERS Gold PPO	1,098	1,206	1,298	1,402	1,546	335	378	410	428	432	423	416
	PERS Platinum PPO	1,609	1,768	1,902	2,055	2,266	365	413	447	467	471	462	454
	Western Health Advantage HMO	1,035	1,136	1,223	1,321	1,456	269	269	269	269	269	269	269
Region 2	Kaiser HMO	1,040	1,142	1,229	1,328	1,464	387	387	387	387	387	387	387
Out of State	PERS Platinum	1,014	1,114	1,199	1,295	1,428	365	413	447	467	471	462	454

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Economic Assumptions

Municipal Bond Index	S&P Municipal Bond 20 Year High Grade Index 4.21% on June 30, 2024, and 4.13% on June 30, 2023
Long Term Return on Assets	5.85% on June 30, 2024, and 5.72% on June 30, 2023, net of plan investment expenses
Discount Rate	*For accounting*[6]: 5.40% on June 30, 2024; 5.72% on June 30, 2022 *For funding (ADCs)*: 5.85% for FYEs 2025 & 2026; 5.72% for FYE 2024
General Inflation Rate	2.5% per year
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
Healthcare Trend	Medical plan premiums and estimated claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown in the chart below.

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2024	Actual	2040-2043	4.8%
2025	6.5%	2044-2049	4.7%
2026	6.0%	2050-2059	4.6%
2027	5.5%	2060-2065	4.5%
2028	5.4%	2066-2067	4.4%
2029	5.3%	2068-2069	4.3%
2030	5.2%	2070	4.2%
2031	5.1%	2071-2072	4.1%
2032-2037	5.0%	2073-2074	4.0%
2038-2039	4.9%	2075 & Later	3.9%

The healthcare trend shown above was developed using the Getzen Model 2023 published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth 1.0%; Expected Health Share of GDP in 2032 20%; Resistance Point 21%; Year after which medical growth is limited to growth in GDP 2075.

[6] See page 2, OPEB Funding Policy, for discussion about the development of the discount rate for accounting purposes.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Participant Election Assumptions

Participation Rate

Active employees hired before July 1, 2009: 100% are assumed to continue their current plan election in retirement.

Active employees hired on or after July 1, 2009: The following percentages of future retirees are assumed to continue their current plan election in retirement, based on their age and years of service at the time of retirement:

Future Retiree Participation Rates		
PEMHCA Vesting Resolution		
Years of Service	Retire under age 65	Retire at 65 or older
Less than 5	0%	0%
5 but under 10	20%	0%
10	75%	100%
11	80%	100%
12	85%	100%
13	90%	100%
14	95%	100%
15 or more	100%	100%

Retired participants: Existing medical plan elections are assumed to be continued until the retiree's death.

Spouse Coverage

Active employees: 100% of married employees are assumed to elect spousal coverage in retirement. Surviving spouses are assumed to continue coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to continue until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Dependent Children

Active employees: 30% of future retirees who elect coverage in retirement are assumed to cover dependents (other than a spouse) who are under age 26 at retirement; eligibility for coverage for the youngest dependent is assumed to end at the retiree's age 62.

Retired participants covering dependent children are assumed to end such coverage when the youngest currently covered dependent reaches age 26.

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Demographic Assumptions

Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of the California Public Employees Retirement System using data from 2000 to 2019, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were the published CalPERS rates, then projected as described below.

Mortality Before Retirement

CalPERS Public Agency Miscellaneous Non-Industrial Deaths		
Age	Male	Female
15	0.00018	0.00010
20	0.00039	0.00014
30	0.00044	0.00019
40	0.00075	0.00039
50	0.00134	0.00081
60	0.00287	0.00179
70	0.00594	0.00404
80	0.01515	0.01149

Mortality After Retirement
(before improvement applied)

Healthy Lives

CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality		
Age	Male	Female
40	0.00075	0.00039
50	0.00271	0.00199
60	0.00575	0.00455
70	0.01340	0.00996
80	0.04380	0.03403
90	0.14539	0.11086
100	0.36198	0.31582
110	1.00000	1.00000

Disabled Miscellaneous

CalPERS Public Agency Disabled Miscellaneous Post-Retirement Mortality		
Age	Male	Female
20	0.00027	0.00008
30	0.00044	0.00018
40	0.00070	0.00040
50	0.01371	0.01221
60	0.02447	0.01545
70	0.03737	0.02462
80	0.07218	0.05338
90	0.16585	0.14826

Mortality Improvement — MacLeod Watts Scale 2022 applied generationally from 2017 (see Appendix 3)

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Termination Rates

Each rate in this table reflects the probability that an employee with that age and service will end its employment with the agency in the next 12 months for reasons other than retirement or death.

Male Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued November 2021

Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1851	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1851	0.0927	0.0843	0.0000	0.0000	0.0000
25	0.1769	0.0927	0.0843	0.0377	0.0000	0.0000
30	0.1631	0.0802	0.0804	0.0377	0.0180	0.0000
35	0.1493	0.0677	0.0715	0.0366	0.0180	0.0141
40	0.1490	0.0583	0.0627	0.0337	0.0180	0.0141
45	0.1487	0.0538	0.0562	0.0309	0.0166	0.0141

Female Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued November 2021

Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1944	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1944	0.1085	0.1074	0.0000	0.0000	0.0000
25	0.1899	0.1085	0.1074	0.0502	0.0000	0.0000
30	0.1824	0.0977	0.1041	0.0502	0.0252	0.0000
35	0.1749	0.0869	0.0925	0.0491	0.0252	0.0175
40	0.1731	0.0777	0.0809	0.0446	0.0252	0.0175
45	0.1713	0.0710	0.0730	0.0401	0.0213	0.0175

Male Miscellaneous Employees: Sum of Vested Terminated & Refund Rates for 0 -9 years of service; refund rates only for 10+ years of service From CalPERS Experience Study Report Issued November 2021

Attained Age	Years of Service					
	0	5	10	20	25	30
15	0.1851	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1851	0.0927	0.0843	0.0000	0.0000	0.0000
25	0.1769	0.0927	0.0843	0.0112	0.0000	0.0000
30	0.1631	0.0802	0.0804	0.0112	0.0000	0.0000
35	0.1493	0.0677	0.0715	0.0101	0.0000	0.0000
40	0.1490	0.0583	0.0627	0.0083	0.0000	0.0000
45	0.1487	0.0538	0.0562	0.0064	0.0000	0.0000

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Termination Rates
(continued)

Female Miscellaneous Employees: Sum of Vested Terminated & Refund Rates for 0 -9 years of service; refund rates only for 10+ years of service
From CalPERS Experience Study Report Issued November 2021

Attained Age	Years of Service					
	0	5	10	20	25	30
15	0.1944	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1944	0.1085	0.1074	0.0000	0.0000	0.0000
25	0.1899	0.1085	0.1074	0.0140	0.0000	0.0000
30	0.1824	0.0977	0.1041	0.0140	0.0000	0.0000
35	0.1749	0.0869	0.0925	0.0129	0.0000	0.0000
40	0.1731	0.0777	0.0809	0.0112	0.0000	0.0000
45	0.1713	0.0710	0.0730	0.0094	0.0000	0.0000

Male Miscellaneous Employees: Sum of Vested Terminated & Refund Rates for 0 -19 years of service; refund rates only for 20+ years of service
From CalPERS Experience Study Report Issued November 2021

Attained Age	Years of Service					
	0	5	10	20	25	30
15	0.1851	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1851	0.0927	0.0843	0.0000	0.0000	0.0000
25	0.1769	0.0927	0.0843	0.0377	0.0000	0.0000
30	0.1631	0.0802	0.0804	0.0377	0.0180	0.0000
35	0.1493	0.0677	0.0715	0.0366	0.0180	0.0000
40	0.1490	0.0583	0.0627	0.0337	0.0180	0.0000
45	0.1487	0.0538	0.0562	0.0309	0.0166	0.0000

Male Miscellaneous Employees: Sum of Vested Terminated & Refund Rates for 0 -19 years of service; refund rates only for 20+ years of service
From CalPERS Experience Study Report Issued November 2021

Attained Age	Years of Service					
	0	5	10	20	25	30
15	0.1944	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1944	0.1085	0.1074	0.0000	0.0000	0.0000
25	0.1899	0.1085	0.1074	0.0502	0.0000	0.0000
30	0.1824	0.0977	0.1041	0.0502	0.0252	0.0000
35	0.1749	0.0869	0.0925	0.0491	0.0252	0.0000
40	0.1731	0.0777	0.0809	0.0446	0.0252	0.0000
45	0.1713	0.0710	0.0730	0.0401	0.0213	0.0000

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Service Retirement Rates

Each rate in these tables reflects the assumed probability that an employee with that age and service will take a service retirement from the Town in the next 12 months.

The following miscellaneous retirement formulas apply:

Classic, after 7/1/2010: 2.0% @ 55

Miscellaneous Employees: 2% at 55 formula From CalPERS Experience Study Report Issued November 2021						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0140	0.0140	0.0170	0.0210	0.0230	0.0240
55	0.0450	0.0420	0.0530	0.0860	0.0980	0.1230
60	0.0590	0.0640	0.0830	0.1150	0.1540	0.1700
65	0.1670	0.1870	0.2100	0.2620	0.2880	0.2910
70	0.2290	0.2290	0.2290	0.2290	0.2290	0.2290
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Classic, before 7/1/2010: 2.7% @ 55

Miscellaneous Employees: 2.7% at 55 formula From CalPERS Experience Study Report Issued November 2021						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0110	0.0160	0.0220	0.0330	0.0340	0.0380
55	0.0450	0.0580	0.0820	0.1380	0.2080	0.2780
60	0.0870	0.0840	0.0960	0.1420	0.1650	0.1980
65	0.1820	0.2010	0.2420	0.2640	0.2930	0.2930
70	0.2270	0.2270	0.2270	0.2270	0.2270	0.2270
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

PEPRA: 2% @ 62

Miscellaneous "PEPRA" Employees: 2% at 62 formula From CalPERS Experience Study Report Issued November 2021						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
55	0.0100	0.0190	0.0280	0.0360	0.0610	0.0960
60	0.0310	0.0510	0.0710	0.0910	0.1110	0.1380
65	0.1080	0.1410	0.1730	0.2060	0.2390	0.3000
70	0.1200	0.1560	0.1930	0.2290	0.2650	0.3330
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Supporting Information
(Concluded)

Section 3 - Actuarial Methods and Assumptions

Disability Retirement Rates

CalPERS Public Agency Miscellaneous Disability From Nov 2021 Experience Study Report		
Age	Male	Female
20	0.00007	0.00004
25	0.00007	0.00009
30	0.00017	0.00033
35	0.00035	0.00065
40	0.00091	0.00119
45	0.00149	0.00185
50	0.00154	0.00193
55	0.00139	0.00129
60	0.00124	0.00094

Software and Models Used in the Valuation

ProVal - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

Age-based premiums model – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums and Addendum 3.

Getzen model – published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.

Changes in assumptions or methods since the prior Measurement Date

Assumed Trust Return	Increased from 5.72% to 5.85%, based on updated return information provided by PARS and HighMark.
Discount Rate	*For accounting:* Changed from 5.72% as of June 30, 2023, to 5.40% as of June 30, 2024, based on the applicable municipal bond index, updated trust return, and the results of analysis described in GASB 75 paragraphs 36- 41. *For funding*: Increased from 5.72% to 5.85%, reflecting updated long-term rates of return provided by PARS
Healthcare Trend	Updated the base healthcare trend scale from Getzen Model 2022_b to Getzen Model 2023, as published by the Society of Actuaries

Appendix 1: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an "explicit subsidy". In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an "implicit subsidy" of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

<table>
<tr><td colspan="3">Expected retiree claims</td></tr>
<tr><td colspan="2">Premium charged for retiree coverage</td><td>Covered by higher active premiums</td></tr>
<tr><td>Retiree portion of premium</td><td>Agency portion of premium
Explicit subsidy</td><td>Implicit subsidy</td></tr>
</table>

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Agency does not impact the amount of the implicit subsidy.

Valuation Process

The valuation was based on employee census data and benefits provided by the Town. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the Town as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee's future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and

Important Background Information
(Continued)

- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members
- A significant increase or decrease in the future premium rates
- A change in the subsidy provided by the Agency toward retiree premiums
- Longer life expectancies of retirees
- Significant changes in estimated retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents
- Higher or lower returns on plan assets or contribution levels other than were assumed, and/or
- Changes in the discount rate used to value the OPEB liability

Important Background Information
(Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition*: Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected and actual trust earnings:	5 year straight-line recognition
All other amounts:	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.

Important Background Information
(Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy occurs when estimated retiree claims exceed the premiums charged for retiree coverage. When this occurs, we expect part of the premiums paid for active employees to cover a portion of retiree claims. This transfer represents the current year's "implicit subsidy". Because GASB 75 treats payments to an irrevocable trust *or directly to the insurer* as employer contributions, each year's implicit subsidy is treated as a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
Prior to Implicit Subsidy Adjustment		
Premiums Paid by Agency During Fiscal Year	$ 411,000	$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
After Implicit Subsidy Adjustment		
Premiums Paid by Agency During Fiscal Year	$ 411,000	$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	$ 388,000	$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

The example above shows that total payments toward active and retired employee healthcare premiums is the same, but for accounting purposes part of the total is shifted from actives to retirees. This shifted amount is recognized as an OPEB contribution and reduces the current year's premium expense for active employees.

Important Background Information
(Concluded)

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the 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 a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

Actuarial Funding Method and Assumptions

The “ultimate real cost” of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period’s service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.

Appendix 2: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g., GASB 75) and actuarial standards (e.g., ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant*. For example, a claims cost curve might show that, if a 50 year old male has $1 in claims, then on average a 50 year old female has claims of $1.25, a 30 year male has claims of $0.40, and an 8 year old female has claims of $0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.

Appendix 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

(1) Short-term mortality improvement rates should be based on recent experience.
(2) Long-term mortality improvement rates should be based on expert opinion.
(3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2022** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

MacLeod Watts Scale 2022 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2021 which has two segments – (1) historical improvement rates for the period 1951-2017 and (2) an estimate of future mortality improvement for years 2018-2020 using the Scale MP-2021 methodology but utilizing the assumptions used in generating Scale MP-2015. The MacLeod Watts scale then transitions from the 2020 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2021-2030. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2030-2044. The SSA's Intermediate Scale has a final step in 2045 which is reflected in the MacLeod Watts scale for years 2045 and thereafter. Over the ages 95 to 117, the age 95 improvement rate is graded to zero.

Scale MP-2021 can be found at the SOA website and the projection scales used in the 2021 Social Security Administrations Trustees Report at the Social Security Administration website.

Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Deferred Contributions – When an employer makes contributions after the measurement date and prior to the fiscal year end, recognition of these contributions is deferred to a subsequent accounting period by creating a deferred resource. We refer to these contributions as Deferred Contributions.

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Discount Rate - Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – 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

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage

Fiduciary Net Position –The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments.

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.

Glossary
(Continued)

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a 'blended' group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

OPEB Expense – The OPEB expense reported in the Agency's financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees' Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting Agency contribute toward medical insurance premiums for retired annuitants and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Plan Assets – The value of cash and investments considered as 'belonging' to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of "Actuarial Present Value"

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility