



## Article 20: OPEB Trust Fund Appropriation

Ms. Hartman moves: that the Town vote to raise and appropriate \$1,401,347; and transfer \$50,761 from Light Fund; and \$15,743 from Broadband; for a total appropriation of \$1,467,851 to fund the Town's FY25 contribution to the Other Post-Employment Benefits Liability Trust Fund (OPEB Trust) established under Mass. Gen. Laws c. 32B, §20.



# OPEB Trust Fund Appropriation

- OPEB refers to retiree benefits other than pension; i.e. health insurance
- For many years, the Town, like all other municipalities, followed the “pay-as-you-go” methodology, only funding the current cost retiree health insurance, leaving the accrued benefit cost unfunded
- Realizing the need to address this unfunded liability, the Town sought special approval by the Legislature to establish a trust fund



## OPEB Trust Fund Appropriation

- In 2008, the Town's initial OPEB Trust Fund was established by a Special Act of the Legislature
- In 2020, the Town reauthorized its existing OPEB Trust Fund under M.G.L c. 32B, §20
- Each year since FY09, the Town has made an annual contribution to its OPEB Trust Fund equal to the Actuarially Determined Contribution (ADC)



# OPEB Trust Fund Appropriation

- OPEB Liability is valued by an actuary on an annual basis, as of Jan. 1
- As of 01/01/23, the liability was \$55M, of which 60% was funded
  - Unfunded = \$22M
  - Funded = \$33M
- The Town's funding schedule assumes a 6.75% discount rate, and fully amortizes the liability as of 2035, though there is no legal requirement to do so
- Because of the Town's strong funding status, beginning in FY22, the remaining unfunded liability will be amortized using a level payment methodology



# OPEB Trust Fund Appropriation

- While the Town has been making annual contributions to the trust fund, it has only been appropriating the General Fund share, and doing so through the Budget Article
- Both the Department of Revenue and the Town's external auditor have indicated that best practice is to appropriate the full annual contribution (General Fund + Enterprise Funds) in a stand-alone warrant article



# OPEB Trust Fund Appropriation

- FY25 Appropriation to OPEB Trust Fund:

<b>Fund</b>	<b>Amount</b>
General Fund	\$ 1,401,347
Light Fund	\$ 50,761
Boradband Fund	\$ 15,743
Water Fund	\$ -
Sewer Fund	\$ -
<b>Total</b>	<b>\$ 1,467,851</b>



## Article 10: OPEB Trust Fund Appropriation

Ms. Hartman moves: that the Town vote to raise and appropriate \$1,364,608; and transfer \$85,275 from Light Fund; and \$17,698 from Broadband; for a total appropriation of \$1,467,851 to fund the Town's FY25 contribution to the Other Post-Employment Benefits Liability Trust Fund (OPEB Trust) established under Mass. Gen. Laws c. 32B, §20.