



Article 13: OPEB Trust Fund Appropriation

Ms. Ackerman 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 FY23 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, as of June 30
- As of 06/30/21, the liability was \$48.4M, of which 62.4% was funded
 - Unfunded = \$18.2M
 - Funded = \$30.2M
- The Town's funding schedule assumes a 6.50% discount rate, and fully amortizes the liability as of 2030, 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

- FY23 Appropriation to OPEB Trust Fund:

Fund	Amount
General Fund	\$ 1,401,347
Light Fund	\$ 50,761
Broadband Fund	\$ 15,743
Water Fund	\$ -
Sewer Fund	\$ -
Swim & Fitness Fund	\$ -
Total:	\$ 1,467,851



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