



CLARITY IN NUMBERS, LLC

Actuaries | Consultants

**GASB 45 July 1, 2016 Liability Information and
Fiscal 2017 Annual OPEB Cost and Net OPEB Obligation**

Town of Burrillville, Rhode Island
Postretirement Medical Plan

August 7, 2017





Table of Contents

ACTUARIAL CERTIFICATION	1
SECTION 1 – SUMMARY	2
SECTION 2 – LIABILITY INFORMATION AND ANNUAL OPEB COST (“EXPENSE”) FOR FISCAL 2017	3
TABLE 2.1 – LIABILITY INFORMATION AND EXPENSE (PAYG/NO FUNDING)	3
SECTION 3 – NET OPEB OBLIGATION (NOO)	4
SECTION 4 – EXPECTED CASH FLOW PROJECTION	5
SECTION 5 – PLAN PARTICIPANTS	6
SECTION 6 – PLAN PROVISIONS	7
SECTION 7 – ACTUARIAL ASSUMPTIONS AND METHODS	11
SECTION 8 – PER CAPITA COSTS DEVELOPMENT	18
SECTION 9 – REQUIRED SUPPLEMENTARY INFORMATION (RSI)	20
TABLE 9.1 – ANNUAL OPEB COST	20
TABLE 9.2 – FUNDED STATUS	20
TABLE 9.3 – SCHEDULE OF FUNDING PROGRESS	21
SECTION 10 – GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 45 AND NO. 43	22
SECTION 11 – KEY RESULTS SPLIT BY EMPLOYEE GROUP	23





Actuarial Certification

This report documents the results of an actuarial valuation and contains financial reporting information for the 2017 fiscal year and the fiscal 2017 Annual OPEB Cost for the Town of Burrillville, Rhode Island Postretirement Medical Plan as set forth in GASB Statement of Accounting Standard No. 45 (“GASB 45”) and No. 43 (“GASB 43”).

The calculations are based on census, plan information and health care related information provided by Town of Burrillville, Rhode Island as of July 1, 2016. We reviewed this information for reasonability but did not formally audit the data and do not attest to the accuracy of this information.

Actuarial computations under GASB 45 and GASB 43 are for purposes of fulfilling employer financial accounting requirements. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported here (e.g., the report does not address the funding adequacy of benefits related to this Plan). These calculations have been made on a basis consistent with our understanding of GASB 45 and GASB 43. Actuarial assumptions and methods used are described in the “Actuarial Assumptions and Methods” section.

The valuation complies with the generally accepted accounting principles including the Actuarial Standards Board Actuarial Standards of Practices (“ASOPs”) relating to Other Post-Employment Benefits (“OPEBs”).

The American Academy of Actuaries (AAA) maintains Qualification Standards for actuaries issuing Statements of Actuarial Opinion. The standard (effective January 1, 2008) increased its continuing education requirements and expands the applicability of the Qualification Standards to all actuaries issuing Statements of Actuarial Opinion in the United States.

The undersigned have satisfied the basic education, experience, and continuing education requirements and are qualified to issue a Statement of Actuarial Opinion for this project in accordance with the Qualification Standards in the AAA’s Code of Professional Conduct.

Clarity in Numbers, LLC (“Clarity”) has no relationships with Town of Burrillville, Rhode Island or its personnel (other than this project) that would impair our independence in performing these calculations.

We welcome any questions and will provide further explanations on this material as requested.

Clarity in Numbers, LLC



Lynne B. Pasi, FSA, EA, MAAA
Consulting Actuary

August 7, 2017

Date



Section 1 – Summary

Summary	Fiscal 2015	Fiscal 2016	Fiscal 2017
GASB 45 Information on PAYG Basis (No Funding)			
Fiscal Year	July 1 - June 30	July 1 - June 30	July 1 - June 30
Valuation Date	July 1, 2014	July 1, 2014	July 1, 2016
Method	Full	Roll-forward	Full
Actuarial Accrued Liability (AAL)			
Actives	\$ 1,779,218	\$ 1,951,758	\$ 2,362,447
Retirees and Dependents	1,341,387	1,144,689	783,661
Total	<u>\$ 3,120,605</u>	<u>\$ 3,096,447</u>	<u>\$ 3,146,108</u>
Normal Cost	\$ 97,472	\$ 101,371	\$ 122,665
Impact on Statement of Activities (Income Statement)			
Annual OPEB Cost (AOC)	\$ 233,843	\$ 236,888	\$ 261,194
Impact on Statement of Net Assets (Balance Sheet)			
Assumed Contributions	\$ 245,444	\$ 273,469	\$ 237,959
Net OPEB Obligation (NOO) at end of fiscal year (estimated)	\$ 7,022	\$ (29,559)	\$ (6,324)
Participant Information			
Actives	302	302	302
Retirees and Dependents	41	41	27
Total	<u>343</u>	<u>343</u>	<u>329</u>



Section 2 – Liability Information and Annual OPEB Cost (“Expense”) for Fiscal 2017

The following table develops the Annual OPEB Cost (“Expense”) for Fiscal 2017 assuming Town of Burrillville, Rhode Island funds the obligation on a “PAYG” basis (no funding of the obligation).

Table 2.1 – Liability Information and Expense (PAYG/No Funding)

Annual OPEB Cost (GASB 45)	Fiscal 2015	Fiscal 2016	Fiscal 2017
Discount rate	4.00%	4.00%	4.00%
Salary Rate	2.50%	2.50%	2.50%
(1) Normal Cost (cost of upcoming year benefit accruals for actives)	\$ 97,472	\$ 101,371	\$ 122,665
(2) Amortization of Unfunded Actuarial Accrued Liability			
(a) Actuarial Accrued Liability (AAL)	\$ 3,120,605	\$ 3,096,447	\$ 3,146,108
(b) Actuarial Value of Assets	0	0	0
(c) Unfunded Actuarial Accrued Liability (UAAL): (a) - (b)	\$ 3,120,605	\$ 3,096,447	\$ 3,146,108
(d) Amortization period ¹	30 years	30 years	30 years
(e) Total of All Amortization Amounts	\$ 127,402	\$ 126,416	\$ 128,443
(3) Interest Adjustment (to end of year)	8,995	9,111	10,044
(4) Annual Required Contribution (ARC): {(1)+(2(h))+(3)}	\$ 233,869	\$ 236,898	\$ 261,152
(5) Interest on Net OPEB Obligation (NOO)	745	281	(1,182)
(6) Adjustment to the ARC	(771)	(291)	1,224
(7) Annual OPEB Cost (AOC): {(4) + (5) + (6)}	\$ 233,843	\$ 236,888	\$ 261,194

¹ Maximum permissible amortization period. Other methods for amortizing can be selected.





Section 3 – Net OPEB Obligation (NOO)

The following table develops the Net OPEB Obligation (NOO) which directly impacts Plan Sponsor's Statement of Net Assets (balance sheet).

Determination of the Net OPEB Obligation	Fiscal 2015	Fiscal 2016	Fiscal 2017
(1) Annual OPEB Cost (Expense)	\$ 233,843	\$ 236,888	\$ 261,194
(2) Assumed Contributions	<u>245,444</u>	<u>273,469</u>	<u>237,959</u>
(3) Increase in Net OPEB Obligation (NOO): (1) - (2)	\$ (11,601)	\$ (36,581)	\$ 23,235
(4) Net OPEB Obligation (NOO) at beginning of year	<u>18,623</u>	<u>7,022</u>	<u>(29,559)</u>
(5) Estimated Net OPEB Obligation (NOO) at end of year: (3) + (4)	<u>\$ 7,022</u>	<u>\$ (29,559)</u>	<u>\$ (6,324)</u>





Section 4 – Expected Cash Flow Projection

Expected Cash Flow Projection (\$)		
30-Year Cash Flow Projection of Benefit Payouts (period beginning July 1)	Gross Payments	Net Payments
Year 1 (2016)	\$ 445,339	\$ 237,959
Year 5 (2020)	540,780	293,525
Year 10 (2025)	540,220	230,503
Year 15 (2030)	669,402	321,441
Year 20 (2035)	482,963	240,499
Year 25 (2040)	425,529	188,550
Year 30 (2045)	306,436	129,264





Section 5 – Plan Participants

A high-level summary of the census data provided by Town of Burrillville, Rhode Island is summarized below.

Participants as of July 1, 2016			
	Number	Average Age	Average Service
Actives	302	47.6	15.8
Retirees and Dependents ¹	<u>27</u>	61.5	
Total	329		

¹ Excludes post-65 inactives.



Section 6 – Plan Provisions

Town of Burrillville, Rhode Island Postretirement Medical Plan Summary of Plan Provisions	
Eligibility:	Employees are eligible for medical benefits upon retirement if enrolled in the active medical plan immediately prior to retiring. Employees are eligible as follows: <u>Council 94/School - NonCertified/Waste Water/Municipal NonUnion (Including Library)</u>
	Years of Service as of 7/1/2012
	Benefit Start Date
	Less than 5
	Normal Social Security Age
	Between 5 and 30
	59
	30 or more
	Any age
	<u>School - Certified</u> Age 60 and 10 years of service, or 28 years of service at any age. <u>Police</u> Age 55 and 25 years of service.
Coverage:	All eligible employees may elect coverage in the Plan until age 65. Coverage beyond age 65 is provided only to School retirees who retired prior to August 31, 1997. Spouses may be covered for as long as the retiree is covered (i.e., until retiree attains age 65). The retiree is responsible for paying a portion of the premium as follows: <u>Council 94</u> If a retiree has less than 20 years of service, then he or she must pay 100% of the premium. If a retiree has at least 20 years of service, then the Town pays 100% of the premium for a single plan for five [5] years. If the retiree was hired on or after July 1, 2006, then he or she is required to pay a co-share of \$40 every two weeks for the first five years. <u>School - NonCertified and Certified</u> The retiree must pay 100% of the premium. <u>Waste Water</u> The retiree must pay 100% of the premium.



Section 6 – Plan Provisions (continued)

Town of Burrillville, Rhode Island Postretirement Medical Plan Summary of Plan Provisions			
Coverage:	<u>Police</u>		
	The Town pays 100% of the premium for a single plan for five [5] years minus the retiree co-share listed below.		
	Date of Hire:	Before July 1, 2005	Between July 1, 2005 and December 31, 2009
	Co-share:	\$ -	\$40 every two weeks
	<u>Municipal Non-Union (Including Library)</u>		
	If a retiree has less than 20 years of service, then he or she must pay 100% of the premium.		
	If a retiree has at least 20 years of service, then the Town pays 100% of the premium for a single plan for five [5] years. If the retiree was hired on or after July 1, 2006, then he or she is required to pay a co-share of \$40 every two weeks for the first five years.		
	<u>Council 94 and Police participants who retired prior to July 1, 2012 have been grandfathered in under the prior coverage:</u>		
	If a retiree has less than 15 years of service, then he or she must pay 100% of the premium.		
	If a retiree has at least 15 years of service, then the Town pays 100% of the premium for the first 2 years of retirement, 50% of the premium for the next 2 years of retirement, and 0% thereafter.		
Dental Coverage:	Dental benefits are offered to some groups, with the retiree responsible for paying 100% of the premium.		
Changes Since Last Valuation:	- Included the retiree co-shares described above for Council 94, Police, and Municipal Non-Union (Including Library).		





Section 6 – Plan Provisions (continued)

Town of Burrillville, Rhode Island Postretirement Medical Plan Monthly Premium Rates (as of July 1, 2016)			
Health Plan			
Tier	Police ¹	Healthmate Coast to Coast	100/80 Deductible
Single	\$ 613.10	\$ 778.05	\$ 627.52
Family	\$ 1,500.10	\$ 1,903.96	\$ 1,535.44
Tier	School - NonCertified	School - Certified	
Single	\$ 669.93	\$ 651.96	
Family	\$ 1,639.33	\$ 1,595.27	

¹ Police premium excludes the Injury on Duty (IOD) premium of \$65.79.





Section 6 – Plan Provisions (continued)

Statement by Town of Burrillville, Rhode Island to ensure accuracy of provisions

The above plan provisions represent an accurate assessment of the Other Post-Employment Benefit Plan (OPEB) benefits, offered by Town of Burrillville, Rhode Island.

Printed Name

Signature

Date





Section 7 – Actuarial Assumptions and Methods

Actuarial Standards of Practice

Actuarial Standards of Practice No. 6 (“ASOP 6”) provides guidance on measuring retiree group benefits obligations and determining retiree group benefits periodic costs or actuarially determined contributions.

Actuarial Standards of Practice No. 35 (“ASOP 35”) requires that each demographic and other noneconomic assumption should be reasonable individually and in conjunction with one another.

At each measurement date, the actuary should consider whether the selected assumptions continue to be reasonable. If the actuary determines that one or more of the previously selected assumptions are no longer reasonable, the actuary will perform an experience study to determine the best estimate for the Plan’s population.

Actuarial Standards of Practice No. 27 Revised (“ASOP 27”) requires that each economic assumption be reasonable based on the following characteristics: (a) appropriate for the purpose of the measurement; (b) reflects the actuary's professional judgement; (c) takes into account historical and current economic data that is relevant as of the measurement date; (d) reflects the actuary's estimate of future experience, observation of the estimates inherent in market data, or a combination thereof; and (e) has no significant bias. Given the uncertain nature of the items for which assumptions are selected, different actuaries will apply different professional judgement and may choose different reasonable assumptions. As a result, a range of reasonable assumptions may develop both for an individual actuary and across actuarial practice.

This section summarizes the economic, demographic and noneconomic actuarial assumptions and the actuarial cost method used to determine plan liabilities and expense.



Section 7 – Actuarial Assumptions and Methods (continued)

Actuarial Methods	
Valuation/Measurement Date:	July 1, 2016
Data Collection Date:	July 1, 2016
Fiscal Year:	July 1, 2016 - June 30, 2017
Insurance Year:	July 1 - June 30
Actuarial Cost Method:	<p>Projected Unit Credit (“PUC”) – Costs attributable to past service and the current year’s service determined by prorating Present Value of Benefits (“PVB”) over all years of service that benefits are expected to be paid from the plan.</p> <p>Normal Cost (“NC”) – The portion of the Present Value which is allocated to the valuation year by the actuarial cost method. Under PUC, the current year’s portion is equal to the PVB divided by the total credited service at the anticipated retirement date.</p> <p>Actuarial Accrued Liability (“AAL”) – Present value of the past service liability of the employee’s total PVB. Under PUC, $AAL = PVB \times \text{ratio of the participant's credited service to the total credited service at the anticipated retirement date.}$</p>
Asset Valuation Method:	N/A
Amortization of the UAAL:	Open, level percentage of payroll amortization over the maximum allowable period of 30 years.
Interest on ARC:	End of year.
Actuarial Valuation Frequency:	An actuarial valuation is prepared biennially, provided no significant events have occurred warranting a new measurement. This year's report is based on a full valuation.
Changes Since Last Valuation:	None.



Section 7 – Actuarial Assumptions and Methods (continued)

Actuarial Assumptions		
Discount Rate:	4.00% per year (based on 2.50% long-term inflation and 1.50% real rate of return).	
Rate of Salary Increases:	2.50% per year (based on actual experience and anticipated experience).	
Expected Return on Plan Assets:	N/A	
Health Care Per Capita and Contribution Trend Rate:¹	<u>Fiscal Year</u>	<u>Trend Rate</u>
	2017	7.50%
	2018	7.35%
	2019	7.20%
	2020	7.05%
	2021	6.90%
	2022	6.75%
	2023	6.60%
	2024	6.45%
	2025	6.30%
	2026	6.15%
	2027	6.00%
	2028	5.85%
	2029	5.70%
	2030	5.55%
	2031	5.40%
	2032	5.25%
	2033	5.10%
	2034	4.95%
	2035	4.80%
2036	4.65%	
2037+	4.50%	
Disability Rates:	None assumed (based on actual experience and anticipated experience).	

¹ Healthcare trend rates developed by Clarity in Numbers, LLC healthcare actuary. Ultimate trend rate is based on 2.50% long-term inflation, 1.00% real GDP growth and 1.00% medical technology.





Section 7 – Actuarial Assumptions and Methods (continued)

Actuarial Assumptions			
Mortality Table:	RP-2014 Combined Healthy Mortality Table for Males and Females Backed off to 2006 and Projected Generationally with Scale MP-2016.		
	Rationale: Most current mortality table and projection scale as issued by the Society of Actuaries in 2014 and 2016, respectively.		
Retirement Rates:	Age	Rate	
	< 45	0.00%	
	45-49	5.00%	
	50-54	10.00%	
	55-69	20.00%	
	70+	100.00%	
	Retirement rates are based on nature of the Plan as well as anticipated experience.		
Withdrawal Rates:	Sample rates, from 2003 SOA Pension Plan Turnover Study are as follows:		
	Age	Rate	
	25	19.5%	
	30	15.5%	
	35	12.1%	
	40	9.4%	
	45	7.3%	
	50	5.6%	
	55	4.2%	
	Withdrawal rates are based on nature of the Plan as well as anticipated experience.		



Section 7 – Actuarial Assumptions and Methods (continued)

Actuarial Assumptions	
Participation:	<p>Employees currently covered under the active medical plan are assumed to elect coverage in the Plan upon attaining retirement eligibility as follows:</p> <p><u>Council 94</u> Upon attaining age 59 and 5 years of service: 20% Upon attaining age 59 and 20 years of service, or upon attaining 30 years of service: 100%.</p> <p><u>School - NonCertified</u> 20%</p> <p><u>School - Certified</u> 75%</p> <p><u>Police</u> 100%.</p> <p><u>Waste Water</u> 20%</p> <p><u>Municipal NonUnion (Including Library)</u> Upon attaining age 59 and 5 years of service: 20% Upon attaining age 59 and 20 years of service, or upon attaining 30 years of service: 100%.</p>



Section 7 – Actuarial Assumptions and Methods (continued)

Actuarial Assumptions				
Annual Medical Per Capita Costs: ¹	Sample annual per capita costs are as follows:			
	<u>Age</u>	<u>Police</u>	<u>Healthmate Coast to Coast</u>	<u>100/80 Deductible</u>
	40	\$ 6,939	\$ 7,563	\$ 5,927
	45	7,826	8,530	6,685
	50	9,586	10,447	8,188
	55	11,805	12,866	10,084
	60	14,464	15,763	12,355
	64	17,306	18,861	14,783
	65+	0	0	0
	<u>Age</u>	<u>NonCertified</u>	<u>Certified</u>	
	40	\$ 6,290	\$ 6,054	
	45	7,094	6,828	
	50	8,689	8,363	
	55	10,701	10,299	
	60	13,111	12,619	
	64	15,687	15,099	
	65+	0	0	
	Aging Factors:	<u>Age</u>	<u>Factor</u>	
40		2.15%		
45		3.26%		
50		4.63%		
55		4.07%		
60		4.42%		
64		4.00%		
Lapse Rate:	<p>Current and future retirees are assumed to lapse coverage as follows:</p> <p>For current and future School - NonCertified, School - Certified, and Waste Water retirees: 0% are assumed to lapse coverage per year.</p> <p>For current and future Council 94, Police, and Municipal NonUnion (Including Library) retirees: 0% are assumed to lapse coverage in the first five years of retirement 80% are assumed to lapse coverage after the first five years of retirement.</p>			

¹ Methodology for developing age-adjusted per capita costs reviewed by Clarity in Numbers, LLC healthcare actuary.



Section 7 – Actuarial Assumptions and Methods (continued)

Actuarial Assumptions	
Marriage Assumption:	20% of future retirees are assumed to be married and elect spousal coverage upon retirement, with husbands assumed to be three years older than wives. Actual spouse data is used for current retirees, with husbands assumed to be three years older than wives if spouse date of birth is missing.
Medicare Eligibility:	All participants are assumed to be eligible for Medicare upon attainment of age 65.
Medical Plan Election:	Future retirees are assumed to elect the Medical Plan they are currently enrolled in as an active employee.
Full Attribution Age:	Age at which retirement rate is 100%.
Dental Benefits:	Dental benefits were not valued as the retiree pays 100% of the premium.
ACA Excise Tax:¹	Results include an estimate of future ACA Excise Tax costs based upon loading health care trend rates by 1.32% in fiscal years 2025 and beyond. In estimating the ACA Excise Tax, the tax payer (i.e., health plan) is assumed to be non-taxable.
Changes Since Last Valuation:	<ul style="list-style-type: none"> - Mortality was updated from RP-2014 Combined Healthy Mortality Table for Males and Females Projected Generationally with Scale MP-2014 to RP-2014 Combined Healthy Mortality Table for Males and Females Backed off to 2006 and Projected Generationally with Scale MP-2016. - Health Care and Contribution trend rates were updated from an initial rate of 6.85% in fiscal 2016 and an ultimate rate of 4.00% in fiscal 2036 to an initial rate of 7.50% in fiscal 2017 and an ultimate rate of 4.50% in fiscal 2037. - The impact of the ACA excise tax on high-cost healthcare plans was estimated and reflected.

¹ Methodology for developing ACA impact reviewed by Clarity in Numbers, LLC healthcare actuary.



→ → →

Section 8 – Per Capita Costs Development

Per Capita Costs Development	
General Description:	Benefits provided are pre-65 retiree medical coverage to eligible retirees.
Plan Options:	Retirees elect coverage based on their employee group.
How Insured:	All of the plans are fully insured under self-funded insurance through the Governmental Health Group of Rhode Island.
Information Provided for Study:	Premium rates for the medical plans were provided.
Analysis of Data:	Average ages and average costs were calculated for the active group. The average costs that were calculated will reflect the expected cost for the average plan design within the group and also reflect the average age.





Section 8 – Per Capita Costs Development (continued)

Per Capita Costs Development	
Determination of Starting Per Capita Health Care Costs:	<p>As represented to us, the premium rates charged to the pre-65 retiree group are the same as the rates for the Town's Plans. As such, the premium rates for the Town are viewed as composite rates for the combined active groups. According to GASB Statement No. 45 (“GASB 45”), when an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees, in accordance with actuarial standards issued by the Actuarial Standards Board. The resulting “implicit rate subsidy”, as defined in GASB 45, is the difference between the calculated claims cost and the cost upon which retiree contributions are determined (in this case, the premium rates). Retiree premiums were estimated for the pre-65 retiree group as if they were rated on a stand-alone basis. The premium rates being charged were adjusted to reflect a premium for a pre-65 retiree group only. The results were then disaggregated into age-specific starting costs based on average ages and assumptions on the relationships of costs and increasing age.</p> <p>Dental benefits are fully-insured. Retirees pay 100% of the active premium amount for dental coverage. Since costs typically remain stable as a participant gets older, dental coverage was not valued.</p> <p>Coverage beyond age 65 is provided only to School retirees who retired prior to August 31, 1997. 9 School retirees are currently receiving post-65 benefits. Since they pay the full cost of the employer premium for post-65 coverage, post-65 coverage was not explicitly valued since there is no liability to the employer.</p>



Section 9 – Required Supplementary Information (RSI)

Table 9.1 – Annual OPEB Cost

The Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation for Fiscal 2017 and the two preceding years were as follows:

Annual OPEB Cost				
Retiree Medical Plan	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
	6/30/2015	\$ 233,843	105.0%	\$ 7,022
	6/30/2016	\$ 236,888	115.4%	\$ (29,559)
	6/30/2017	\$ 261,194	91.1%	\$ (6,324)

Table 9.2 – Funded Status

The funded status of the plan was as follows:

Funded Status	7/1/2016
(a) Actuarial Accrued Liability	\$ 3,146,108
(b) Actuarial value of plan assets	0
Unfunded Actuarial Accrued Liability (funding excess) [(a) - (b)]	\$ 3,146,108
Funded ratio (b) / (a)	0.0%
(c) Covered Payroll ¹	\$ 26,050,678
Unfunded Actuarial Accrued Liability (funding excess) as a percentage of covered payroll $\frac{\{(a) - (b)\}}{(c)}$	12.1%

¹ Fiscal 2016 covered payroll projected to fiscal 2017 with a 2.5% assumed salary scale.



Section 9 – Required Supplementary Information (RSI) (Continued)

Table 9.3 – Schedule of Funding Progress

Schedule of Funding Progress							
Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) / c)
2014	7/1/2013	\$0	\$2,712,358	\$2,712,358	0.0%	\$ 22,066,792	12.3%
2015	7/1/2014	\$0	\$3,120,605	\$3,120,605	0.0%	\$ 24,672,541	12.6%
2016	7/1/2015	\$0	\$3,096,447	\$3,096,447	0.0%	\$ 25,289,355	12.2%
2017	7/1/2016	\$0	\$3,146,108	\$3,146,108	0.0%	\$ 26,050,678	12.1%





Section 10 – Governmental Accounting Standards Board Statement No. 45 and No. 43

Background: Other Post-Employment Benefits (OPEB)s for public sector plans were previously reported on a pay-as-you-go (“pay-go”) basis prior to the issuance of GASB 43 and GASB 45.

Purpose: Public sector plans are now required to recognize costs for OPEBs on an accrual basis.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45 (“GASB 45”), “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” and Statement No. 43 (“GASB 43”), “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”.

All public sector employers with OPEBs will be required to report the cost of these plans on their balance sheets (GASB 45). All public sector plans with OPEB benefits that are pre-funded or administered through a separate trust will be required to report the cost on their balance sheets (GASB 43).

Effective Date: The effective date for implementation is based on the annual revenues of the largest participating employer, for the following effective dates.¹

Revenues (for Fiscal Year ending after 6/15/1999)	GASB 45 - Employer	GASB 43 – Plan Required if Funding
	Fiscal Year Beginning After	
\$100 million +	December 15, 2006	December 15, 2007
\$10 million - \$100 million	December 15, 2007	December 15, 2008
Less than \$10 million	December 15, 2008	December 15, 2009

¹ GASB encourages earlier implementation.

Key Terminology:

Present Value of Benefits (“PVB”) – Past service liability plus future service liability to be earned under the plan.

Normal Cost (“NC”) – Present value of benefits attributed to service in the current year.

Annual OPEB Cost (“AOC”) – Annual cost of OPEB (approximately the NC plus an amortization of unfunded liability).

Net OPEB Obligation (“NOO”) – Balance sheet liability accrued to date. Each year the Net OPEB Obligation increases by the AOC, and decreases by employer contributions (or net benefit payments in the case of an unfunded plan).

Required Supplementary Information (“RSI”) – Historical information about plan assumptions; three year schedule of unfunded liability. Plans with benefits that are pre-funded also report additional items such as a statement of plan net assets, changes in net assets, and a three year schedule of funding progress and employer contributions.



Section 11 – Key Results Split by Employee Group

Key Results Split by Employee Group For Fiscal Year July 1, 2016 - June 30, 2017			
	Council 94	Waste Water	Municipal NonUnion
Participant Counts			
Actives	18	6	9
Retirees and Dependents	3	0	0
Total	21	6	9
1. Actuarial Accrued Liability			
Actives	\$ 264,289	\$ 21,471	\$ 134,510
Retirees and Dependents	\$ 126,024	\$ 0	\$ 0
Total	\$ 390,313	\$ 21,471	\$ 134,510
2. Actuarial Value of Assets	\$ 0	\$ 0	\$ 0
3. Unfunded Actuarial Accrued Liability (UAAL)	\$ 390,313	\$ 21,471	\$ 134,510
4. Annual Required Contribution (ARC)			
Normal Cost	\$ 14,244	\$ 617	\$ 5,799
Amortization of UAAL	15,934	877	5,492
Interest Adjustment	1,206	60	452
Annual Required Contribution	<u>\$ 31,384</u>	<u>\$ 1,554</u>	<u>\$ 11,743</u>
5. Interest on Net OPEB Obligation (NOO)	\$ (1,675)	\$ 86	\$ 2,555
6. Adjustment to ARC	\$ 1,734	\$ (89)	\$ (2,646)
7. Annual OPEB Cost [4. + 5. + 6.]	<u>\$ 31,443</u>	<u>\$ 1,551</u>	<u>\$ 11,652</u>
8. Net OPEB Obligation (NOO)			
As of Beginning of Year	\$ (41,865)	\$ 2,138	\$ 63,873
Annual OPEB Cost	31,443	1,551	11,652
Assumed Contributions	47,027	855	10,531
As of End of Year (Est)	<u>\$ (57,449)</u>	<u>\$ 2,834</u>	<u>\$ 64,994</u>
9. Expected Benefit Payments			
Total	\$ 47,027	\$ 855	\$ 10,531



Section 11 – Key Results Split by Employee Group (Continued)

Key Results Split by Employee Group For Fiscal Year July 1, 2016 - June 30, 2017				
	Police	School	Library	Total
Participant Counts				
Actives	22	242	5	302
Retirees and Dependents	2	22	0	27
Total	24	264	5	329
1. Actuarial Accrued Liability				
Actives	\$ 299,350	\$ 1,623,521	\$ 19,306	\$ 2,362,447
Retirees and Dependents	188,490	469,147	0	783,661
Total	\$ 487,840	\$ 2,092,668	\$ 19,306	\$ 3,146,108
2. Actuarial Value of Assets	\$ 0	\$ 0	\$ 0	\$ 0
3. Unfunded Actuarial Accrued Liability (UAAL)	\$ 487,840	\$ 2,092,668	\$ 19,306	\$ 3,146,108
4. Annual Required Contribution (ARC)				
Normal Cost	\$ 14,359	\$ 86,054	\$ 1,592	\$ 122,665
Amortization of UAAL	19,917	85,435	788	128,443
Interest Adjustment	1,371	6,860	95	10,044
Annual Required Contribution	\$ 35,647	\$ 178,349	\$ 2,475	\$ 261,152
5. Interest on Net OPEB Obligation (NOO)	\$ 3,180	\$ (5,813)	\$ 485	\$ (1,182)
6. Adjustment to ARC	\$ (3,293)	\$ 6,020	\$ (502)	\$ 1,224
7. Annual OPEB Cost [4. + 5. + 6.]	\$ 35,534	\$ 178,556	\$ 2,458	\$ 261,194
8. Net OPEB Obligation (NOO)				
As of Beginning of Year	\$ 79,502	\$ (145,323)	\$ 12,116	\$ (29,559)
Annual OPEB Cost	35,534	178,556	2,458	261,194
Assumed Contributions	33,210	145,872	464	237,959
As of End of Year (Est)	\$ 81,826	\$ (112,639)	\$ 14,110	\$ (6,324)
9. Expected Benefit Payments				
Total	\$ 33,210	\$ 145,872	\$ 464	\$ 237,959

