

TOWN OF CARVER
BOARD OF SELECTMEN SUBCOMMITTEE
OPEB (Other Post-Employment Benefits) STUDY COMMITTEE

MEETING MINUTES - Tuesday July 22, 2014

(Approved by a vote of 3-0 on September 30, 2014 – submitted by Stephen Pratt, Chairman on October 1, 2014)

Meeting opened July 22, 2014, 6:07pm and adjourned at 7:15pm

Stephen Pratt, Bruce Kaiser, Paul Johnson and Paula Nute as present (Joseph Patten was absent)

Steve presented a summary of the Plymouth County Contributory Retirement System with information from the January 2013 Pension Valuation - <http://www.mass.gov/perac/plymouthcty/plymouthctyval13.pdf> and details are included in the attached (TOC_OPEB and Pension_UnfundedLiabilities_September 2014.pdf). Additionally a discussion of Town of Carver's "promise" made to both active employees and retirees occurred.

This provided a review of the PCCRS from 2000 to 2013: Historical Liability, Asset Value and mandated Annual Required Contribution (ARC) funding; and MA Legislature Bill H.3377 "**An Act authorizing the Plymouth County Contributory Retirement System to issue pension funding bonds or notes**" - <https://malegislature.gov/Bills/188/House/H3377>. Bill H.3377 would replace the annual assessment of amortized cost of the UAAL (leaving only Normal Cost and Administrative Expense for member units) with a debt service for Pension Obligation Bonds (POB) at a lesser amount. This prompted discussion over municipal "cash flow" and possible benefit to the Town and taxpayers for funding a new school or other infrastructure projects.

Bruce also mentioned for pension purposes that OCRVTHS non-educators are included in the State Retirement System (SRS) and educators are in the Massachusetts Teachers Retirement System (MTRS).

The OPEB Valuation Overview was tabled until the next meeting to allow for the July 1, 2013 GASB 45 Valuation to be available. And the current status of MA Legislature Bill H.59 "**An Act providing retiree healthcare benefits reform**" - <https://malegislature.gov/Bills/188/House/H59> being still in committee was provided.

The Ethics Commission has indicated there is no conflict for Bruce's and Paula's participation on the OPEB Study Committee since the responsibility is to only recommend options to the BOS and as long as their membership in Gateway Health Group plans are publicly acknowledged.

Bruce provided a copy of the OCRVTHS OPEB presentation on July 24, 2012) with the Annual Required Contribution (ARC) of \$1.160 million showing a \$240,000 annual "Pay As You Go" amount. Subsequently, another document researched indicates the UAAL of \$11.4 million as of July 1, 2012 of which Carver's Indirect amount of the UAAL is 16.35% based upon the Chapter 70 assessment (FY2015)

Next meeting will be August 19th from 6pm to 7pm.

Meeting adjourned 7:15pm (Bruce motioned and Paula seconded with a 4-0 vote)

Town of Carver Taxpayers Direct (Town) and Indirect (State and other affiliated entities)
Other Post Employment Benefits (OPEB) and Pensions Unfunded Actuarial Accrued Liabilities

Unfunded Actuarial Accrued Liabilities (UAAL)	OPEB ⁽¹⁾	Pension	Total All Systems	OPEB Valuations	Pension Valuations
<i>UAAL - State Employees (SRS)</i>	\$16.7B	\$9.1B	\$25.8B	January 2012-Aon Hewitt	Commonwealth January 2013 Report
<i>UAAL - Massachusetts Teachers (MTRS)</i>	\$17.3B	\$17.3B	\$17.3B	January 2012-Aon Hewitt	MTRS January 2013 Report
<i>UAAL - Boston Teachers</i>	\$1.7B	\$1.7B	\$1.7B	January 2012-Aon Hewitt	Commonwealth January 2013 Report
<i>UAAL - Local Systems COLA Reimbursements</i>	\$244.1M	\$244.1M	\$244.1M	January 2012-Aon Hewitt	Commonwealth January 2013 Report
<i>UAAL - County, Local and Regional</i>	\$29.3B	\$15.0B	\$44.3B	Various Years	Perac 2012 Annual Report
<i>UAAL - Other Government Organizations</i>	\$115.1M	\$115.1M	\$115.1M	2009-2013	Perac 2012 Annual Report
Totals	\$46.0B	\$43.5B	\$89.5B	(1) OPEB Commission January 2013 Final Report	
<i>Total Residents in Massachusetts</i>	6,547,629	0.176%	Government Accounting Standards Board (GASB)	OPEB Pronouncements - GASB 43, 45	
<i>Total Residents in Plymouth County</i>	494,919	2.325%		Pension Pronouncements - GASB 24, 25, 27, 50, 67, 68, 71	
<i>Total Residents in CMWRR District</i>	41,332	27.845%	UAAL	Unfunded Actuarial Accrued Liabilities (UAAL) Totals	
<i>Total Residents in Town of Carver</i>	11,509	100.000%	Total All Systems	Average Single Family Home based upon Tax Levy Amount	
<i>Town of Carver Percentages based on</i>	2010 U.S. Census		in Massachusetts	Total Carver	Per Average SFH
				Per Resident	
State Retirement System (1/13 GASB 27 Valuation) Only	\$	25,767,719,000	\$	15,938,652	\$ 3,448
Unfunded Pension Liability (State) - estimate Carver per capita	\$	9,067,719,000	\$	29,354,183	\$ 6,351
Unfunded OPEB Liability (Healthcare-State) - estimate Carver per capita	\$	16,700,000,000	\$	-	\$ -
Other Cities/Towns, Collaboratives, Counties and Regional excluding below (Various)	\$	45,646,050,828	\$	-	\$ -
Unfunded Pension Liability (All Other) Estimated	\$	16,405,767,785	\$	-	\$ -
Unfunded OPEB Liability (Healthcare-All Other Estimated)	\$	29,240,283,043	\$	-	\$ -
Massachusetts Teachers Retirement System (1/13 GASB 27 Valuation) Pension Only	\$	17,347,748,000	\$	29,217,227	\$ 6,321
Unfunded Pension Liability (Carver) - estimate ~.1684% based on GASB 24	\$	29,217,227	\$	2,099,772	\$ 454
Unfunded Pension Liability (OCRVTHS) - estimate ~.0740%*16.35% based on GASB 24	\$	12,844,797	\$	67,023	\$ 15
Unfunded Pension Liability (READS) - estimate ~.0070%*5.56%* based on GASB 24	\$	1,206,412	\$	-	\$ -
Plymouth County CRS (1/13 GASB 27 Valuation) Pension Only	\$	652,865,215	\$	17,666,386	\$ 3,822
Unfunded Pension Liability (Carver page 44) - actual Carver ~2.706% of PCCRS Total	\$	17,666,386	\$	830,146	\$ 180
Unfunded Pension Liability (County of Plymouth page 38) - Carver estimate per capita	\$	35,698,576	\$	119,360	\$ 26
Unfunded Pension Liability (CMWRR page 45) - Carver estimate per capita	\$	428,655	\$	44,314	\$ 10
Unfunded Pension Liability (PC Mosquito Control page 67) - Carver estimate per capita	\$	1,905,614	\$	-	\$ -
Town of Carver OPEB UAAL [Local, Collaborative, County, and Regional]	\$	59,716,957	\$	45,804,226	\$ 9,910
OPEB UAAL (Carver) - 7/13 GASB 45 Valuation-FY2014 Amount	\$	45,804,226	\$	1,867,839	\$ 404
OPEB UAAL (OCRVTHS) - 7/12 GASB 45 Valuation-FY2013 Amount estimate ~16.35%	\$	11,426,007	\$	138,151	\$ 30
OPEB UAAL (READS) - 7/11 GASB 45 Valuation - FY2013 estimate ~ 5.56%	\$	2,486,723	\$	-	\$ -
OPEB UAAL (County of Plymouth no GASB 45 as of FY2009) - TBD	\$	1	\$	0	\$ 0
Total	\$	89,474,100,000	\$	143,147,279	\$ 30,971
			\$	63,470,612	\$ 13,732
			\$	79,676,667	\$ 17,239
MTRS - GASB 24 "on behalf" pension benefit payments FY2014					
http://www.mass.gov/mtrs/docs/financial-reports/gasb24agencytotals.pdf					
Total MTRS FY2014	\$	2,020,477,093	<u>Percent of Total MTRS</u>	<u>Percent of Direct/Indirect</u>	
Carver Public Schools (page 2)	\$	3,402,905	0.1684%	100.0000%	
Old Colony Regional Vocational Technical High School (page 6)	\$	1,496,022	0.0740%	16.3473%	
READS Collaborative (page 7)	\$	140,510	0.0070%	5.5556%	

Based on FY2014 Minimum Required Contribution
Based on 1 -- 18 Member Districts and FY2013 Audit

Town of Carver Other Post Employment Benefits (OPEB) Actuarial Accrued Liability (AAL)
with Annual OPEB Cost, Pay As You Go and Net OPEB Obligation as percent of Total Tax Levy

OPEB-GASB 45 Town of Carver Fiscal Year	Actuarial Accrued Liability	A Annual OPEB Cost (w/Int+adj)	B Contribution Made (PAYG)	C (A-B) Net OPEB Obligation (NOO)	D Total Tax Levy Amount - TTL	Total Tax Levy Percentage		
						Annual OPEB Cost (w/Int+adj)	Contribution Made (PAYG)	Total Net OPEB Obligation (NOO)
FY2016e ⁴	\$ 51,305,034	\$ 5,132,243	\$ 1,467,747	\$ 26,413,535	\$ 21,699,188	23.65%	6.76%	121.73%
FY2015e ⁴	\$ 48,487,691	\$ 4,893,675	\$ 1,367,915	\$ 22,749,039	\$ 21,046,654	23.25%	6.50%	108.09%
FY2014 ⁴	\$ 45,804,226	\$ 4,653,210	\$ 1,287,597	\$ 19,223,279	\$ 20,029,809	23.23%	6.43%	95.97%
FY2013 ³	\$ 45,059,105	\$ 4,579,373	\$ 1,212,659	\$ 15,857,666	\$ 19,129,426	23.94%	6.34%	82.90%
FY2012 ³	\$ 42,876,017	\$ 4,352,129	\$ 1,124,532	\$ 12,490,952	\$ 18,500,971	23.52%	6.08%	67.52%
FY2011 ²	\$ 46,089,369	\$ 5,236,980	\$ 1,120,885	\$ 9,263,355	\$ 17,906,856	29.25%	6.26%	51.73%
FY2010 ²	\$ 46,089,369	\$ 3,340,373	\$ 851,000	\$ 5,147,260	\$ 16,705,041	20.00%	5.09%	30.81%
FY2009 ¹	\$ 31,951,212	\$ 3,340,373	\$ 682,486	\$ 2,657,887	\$ 16,174,341	20.65%	4.22%	16.43%
FY2008	NA	NA	NA	NA	\$ 15,545,876	NA	NA	NA
FY2009 - 2016e		\$ 30,396,113	\$ 7,647,074	Cumulative	\$ 129,493,097			

e - estimate

References: ¹Town of Carver GASB 45 Valuation as of July 1, 2008 (Initial GASB 45)

²Town of Carver GASB 45 Valuation as of July 1, 2009

³Town of Carver GASB 45 Valuation as of July 1, 2011

⁴Town of Carver GASB 45 Valuation as of July 1, 2013

Town of Carver Pension Unfunded Actuarial Accrued Liabilities

Pensions - Plymouth County Contributory Retirement System Only - GASB 25/27

Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of PCCRS Assests	Unfunded Actuarial Accrued Liability (UAAL)			
			PCCRS UAAL	% Funded	Carver UAAL	% of PCCRS UAAL
1/1/2013	\$ 1,319,764,989	\$ 666,899,774	\$ 652,865,215	50.53%	\$ 17,666,386	2.71%
1/1/2012	No Valuation					
1/1/2011	\$ 1,187,447,414	\$ 666,730,812	\$ 520,716,602	56.15%	\$ 13,729,667	2.64%
1/1/2010	\$ 1,132,847,379	\$ 673,709,456	\$ 459,137,923	59.47%	\$ 12,229,635	2.66%
1/1/2009	\$ 1,158,666,824	\$ 579,333,412	\$ 579,333,412	50.00%	\$ 15,352,335	2.65%
1/1/2008	\$ 1,056,020,215	\$ 683,819,938	\$ 372,200,277	64.75%	\$ 9,863,307	2.65%
1/1/2007	\$ 978,840,418	\$ 597,629,089	\$ 381,211,329	61.05%	\$ 10,102,100	2.65%
1/1/2006	\$ 918,581,707	\$ 558,263,863	\$ 360,317,844	60.77%	\$ 9,548,423	2.65%
1/1/2005	No Valuation					
1/1/2004	\$ 802,158,453	\$ 520,104,805	\$ 282,053,648	64.84%	\$ 7,474,422	2.65%
1/1/2003	No Valuation					
1/1/2002	\$ 733,198,204	\$ 466,354,660	\$ 266,843,544	63.61%	\$ 7,071,354	2.65%
1/1/2001	No Valuation					
1/1/2000	\$ 611,204,058	\$ 450,210,619	\$ 160,993,439	73.66%	\$ 4,266,326	2.65%
1/1/1999	No Valuation					
1/1/1998	\$ 492,303,777	\$ 316,253,566	\$ 176,050,211	64.24%	\$ 4,665,331	2.65%
Change 2000-2013	115.9%	48.1%	305.5%		314.1%	

Reference: [Plymouth County CRS \(1/13 GASB 27 Valuation\) Pension Only](http://www.mass.gov/perac/plymouthctcy/plymouthctyval13.pdf)
<http://www.mass.gov/perac/plymouthctcy/plymouthctyval13.pdf>

Town of Carver Reference URL's for Other Post Employment Benefits (OPEB) and Pensions Unfunded Actuarial Accrued Liabilities

Web Address - Uniform Resource Locator (URL), if applicable

OPEB Valuations/Information

OPEB Commission January 2013 Final Report	http://www.mass.gov/anf/docs/anf/opeb-commission/opeb-commission-final-report.pdf
OPEB UAAL (Town of Carver) - July 1, 2013 GASB 45 Valuation- FY2014 and FY2015	Town Accountant's Office
OPEB UAAL (Town of Carver) - July 1, 2011 GASB 45 Valuation- FY2012 and FY2013	Town Accountant's Office
OPEB UAAL (Town of Carver) - July 1, 2009 GASB 45 Valuation- FY2010 and FY2011	Town Accountant's Office
OPEB UAAL (OCRTHS) - 7/12 GASB 45 Valuation-FY2013	http://pdf.bernardisecurities.com/Old%20Colony%20RSD%20pos%20(July%201,%202014).pdf
OPEB UAAL (READS) - 7/11 GASB 45 Valuation - FY2013	http://www.readscollab.org/sites/reads/files/file/fy13_audit_report_0.pdf
OPEB UAAL (County of Plymouth no GASB 45 as of FY2009)	http://www.plymouthcounty-ma.gov/pdf/plymouth-county-fs09.pdf
MA Legislature Bill H.59 "An Act providing retiree healthcare benefits reform"	https://malegislature.gov/Bills/188/House/H59
Government Accounting Standards Board (GASB) - OPEB Pronouncements - GASB 43, 45	http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176160042391

Pension Valuations/Information

Commonwealth January 2013 Report	http://www.mass.gov/perac/valuation/2013commonwealth.pdf
State Retirement System (1/13 GASB 27 Valuation) included in Commonwealth	http://www.mass.gov/perac/valuation/2013commonwealth.pdf
Massachusetts Teachers Retirement System (1/13 GASB 27 Valuation) Pension Only	http://www.mass.gov/perac/teachers/2013teachersval.pdf
Plymouth County CRS (1/13 GASB 27 Valuation) Pension Only	http://www.mass.gov/perac/plymouthcty/plymouthctyval13.pdf
Perac 2013 Annual Report	http://www.mass.gov/perac/13annualreport/ar13.pdf
Perac Annual Report Archives	http://www.mass.gov/perac/pubdir/reportsarchive.htm
MA Legislature Bill H.3377 "An Act authorizing the Plymouth County Contributory Retirement System to issue pension funding bonds or notes" -	https://malegislature.gov/Bills/188/House/H3377
Government Accounting Standards Board (GASB) - Pension Pronouncements - GASB 24, 25, 27, 50, 67, 68, 71	http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176160042391
MTRS - GASB 24 "on behalf" pension benefit payments FY2014	http://www.mass.gov/mtrs/docs/financial-reports/gasb24agencytotals.pdf

Other Resources

2010 U.S. Census	http://quickfacts.census.gov/qfd/states/25000.html
Chapter 70 Aid and Net School Spending Requirements	http://www.doe.mass.edu/finance/chapter70/chapter_15p.html
TOC FY2015 ATM Warrant Packet (June 16, 2014)	http://www.carverma.org/documents_governing/2014-Annual-Town-Meeting-Warrant-Packet.pdf