

# Town of Portsmouth

## GASB 68 Pension Valuation Report Measured as of June 30, 2022 for Disclosures for the Fiscal Year Ending June 30, 2022

February 14, 2023



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February 14, 2023

Ryan Kilpatrick  
Finance Director  
Town of Portsmouth  
2200 East Main Road  
Portsmouth, Rhode Island 02871

**Re: Town of Portsmouth Retirement Plan GASB 68 Pension Valuation Report Measured as of June 30, 2022**

Dear Mr. Kilpatrick:

At your request, we completed an actuarial valuation of the pension benefits valued as of June 30, 2022, and measured as of June 30, 2022, for the Town of Portsmouth. This is a full valuation. Please use the information in this report for your financial statements for the fiscal year ending June 30, 2022. This valuation is based on input from the Town and from CalPERS, as well as our understanding of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" (GASB 68).

We greatly appreciate your business. If you have any questions, please feel free to call us at (415) 801-5987.

Best Regards,

A handwritten signature in blue ink that reads "Roger T. Burton".

Roger T. Burton, FSA, MAAA, FCA

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### Purpose of the Report

Precision Actuarial prepared this report to meet employer financial accounting requirements under GASB Statement No. 68 “Accounting and Financial Reporting for Pensions”, issued in June 2012, as amended by GASB Statements No. 82 and 85. This report includes information with respect to the obligation to provide future pension benefits for the fiscal year ending June 30, 2022.

**Valuation Date:** June 30, 2022

**Measurement Date:** June 30, 2022

**Report Date:** June 30, 2022

### Application to Financials

This report provides assets, liabilities, and expenses for use in the Town's 2022 financial reports.

The Town should use the liabilities, assets, and expense measured as of June 30, 2022, for its financial statements for the year ending June 30, 2022.

The report also provides the actuarially determined contributions (ADCs) for funding purposes for reporting for the fiscal years ending June 30 for 2023, 2024, and 2025. The ADC for the fiscal year ending June 30, 2025 is an estimate and we recommend that the Town have a roll-forward report produced for the fiscal year ending June 30, 2023, that updates this estimate.

### Changes Since the Prior Valuation

This valuation is a full valuation. We updated:

- Census
- Mortality tables
- Payroll growth rate from 2.00% to 2.50%
- Benefit payments
- Contributions
- Assets

# Executive Summary

## Overview

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### Actuarial Certification

Our determinations reflect the provisions and methods prescribed by GASB 68. In preparing this report, we relied on assets, employee census, plan design, and administrative fees provided directly or indirectly by the plan sponsor, and demographic assumptions provided in the prior valuation report.

We based the results in this report on this information, along with the actuarial assumptions and methods used herein. In our opinion, the assumptions used represent reasonable expectations of anticipated plan experience. We reviewed the census information for reasonableness, but we did not audit it.

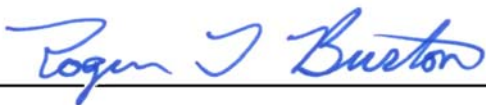
Actuarial computations under GASB 68 fulfill employer accounting and financial reporting requirements. The calculations are consistent with our understanding of GASB 68. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results in our report. Accordingly, additional determinations may be necessary for other purposes, such as judging benefit security at termination.

No third-party recipient of Precision Actuarial's work product should rely solely on Precision Actuarial's work product. Any third-party recipient should engage qualified professionals for advice appropriate to their own needs.

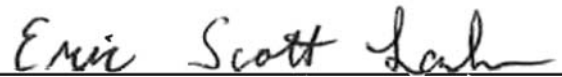
There is no relationship between Precision Actuarial, its owners, subcontractors, or staff; GovInvest; or the Town of Portsmouth beyond the contractual services that we perform for the Town of Portsmouth.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, the report is complete and accurate and that we prepared it in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable "Actuarial Standards of Practice" and "Actuarial Compliance Guidelines" as promulgated by the American Academy of Actuaries.

The undersigneds are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



**Roger T. Burton, FSA, MAAA, FCA**  
*Chief Actuary*



**E. Scott Lanham, FSA, MAAA, EA**  
*Senior Consulting Actuary*

# Executive Summary

## Accounting Summary

A summary of the key valuation results follows.

	<i>Prior Report</i>	<i>Current Report</i>
Valuation Date:	June 30, 2021	June 30, 2022
Measurement Date:	June 30, 2021	June 30, 2022
Report Date:	June 30, 2021	June 30, 2022
<b>Present Value of Future Benefits</b>		
Active Employees	n/a	\$ 26,052,371
Retirees	+	88,750,203
<b>Total Present Value of Future Benefits</b>	=	<b>114,802,574</b>
<b>Total Present Value of Future Normal Costs</b>	-	<b>5,524,043</b>
<b>Total Pension Liability (TPL)</b>	=	<b>\$ 108,430,954</b>
<b>Pension Liability</b>		
Active Employees	\$ 21,413,469	\$ 20,528,328
Retirees	+	87,017,485
<b>Total Pension Liability (TPL)</b>	=	<b>108,430,954</b>
<b>Fiduciary Net Position (FNP)</b>	-	<b>71,509,342</b>
<b>Net Pension Liability (NPL)</b>	=	<b>\$ 36,921,612</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.95%	55.14%
Covered-Employee Payroll	\$ 5,843,765	\$ 8,707,714
Net Pension Liability as a Percentage of Covered-Employee Payroll	631.81%	562.97%
<b>Measurement Period: 2020-2021      2021-2022</b>		
<b>Reporting Period: 2020-2021      2021-2022</b>		
<b>Expense</b>	\$ 4,373,729	\$ 5,476,062
<b>Actuarially Determined Contribution (ADC)</b>	4,918,997	5,679,202

### Net Position Chart (NPL not shown if ≤ 0)



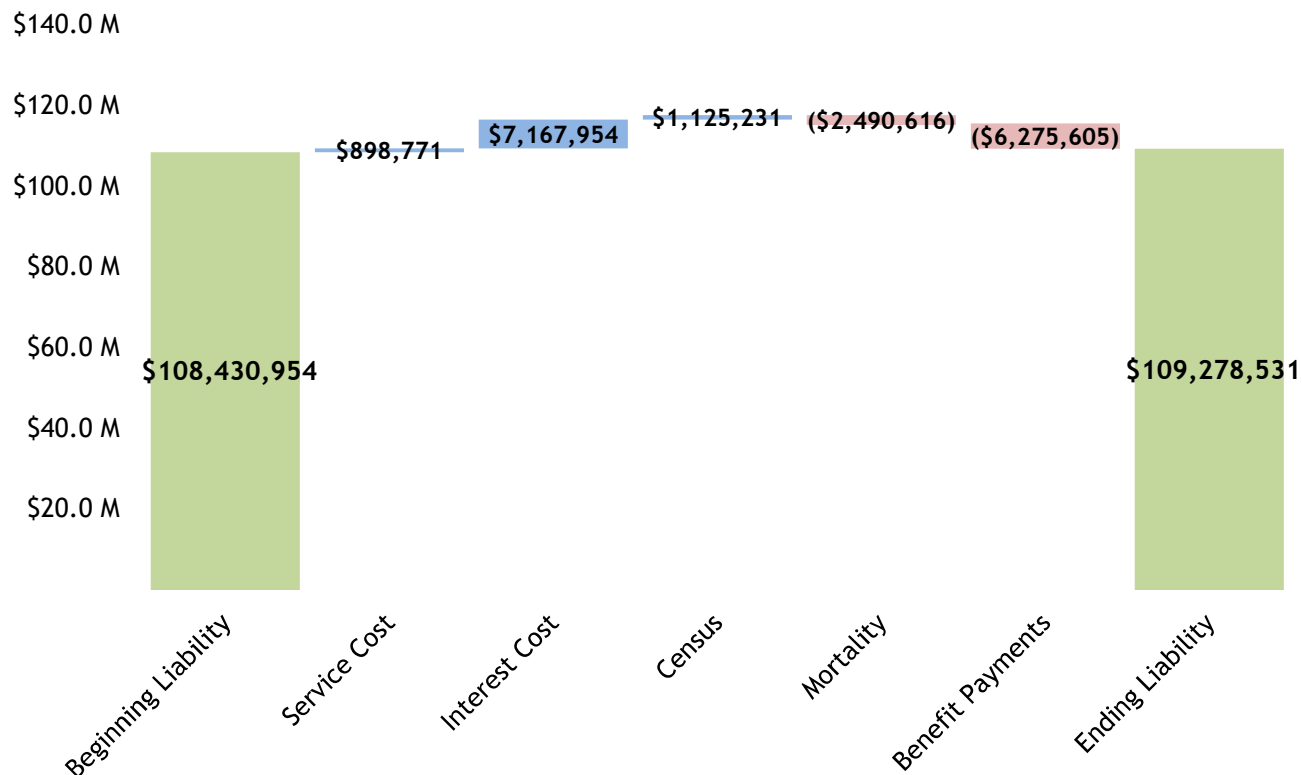
# Executive Summary

## Reconciliation of the Change in the Total Pension Liability

A reconciliation of the changes to the Total Pension Liability since the prior valuation report follow.

<b>Total Pension Liability as of Measurement Date June 30, 2021 / Report Date June 30, 2021</b>	<b>\$ 108,430,954</b>
Service Cost	898,771
Interest Cost	7,167,954
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	
<i>Change in Census</i>	1,125,231
<b>Total Differences Between Expected and Actual Experience</b>	<b>1,125,231</b>
Changes of Assumptions	
<i>Change in Mortality Tables</i>	(2,490,616)
<i>Change in Payroll Growth Rate</i>	421,842
<i>Change in Other Assumptions</i>	-
<b>Total Changes of Assumptions</b>	<b>(2,068,774)</b>
Benefit Payments	(6,275,605)
<b>Total Pension Liability as of Measurement Date June 30, 2022 / Report Date June 30, 2022</b>	<b>\$ 109,278,531</b>

### Reconciliation of the Change in the Total Pension Liability



# Accounting Information

## Statement of Fiduciary Net Position

Measurement Date: June 30, 2022

Report Date: June 30, 2022

### Assets

Cash and Deposits	\$	-
Securities Lending Cash Collateral		-
Total Cash		-
Receivables:		
Contributions		-
Due from Broker for Investments Sold		-
Investment Income (Interest on Investments)		-
Other		-
Total Receivables		-
Investments:		
Domestic Fixed Income Securities		-
Domestic Equities		-
Investment Funds		60,256,593
International Equities		-
Real Estate		-
Total Investments		<u>60,256,593</u>
Total Assets	\$	<u>60,256,593</u>

### Liabilities

Payables:		
Investment Management Fees	\$	-
Due to Broker for Investments Purchased		-
Collateral Payable for Securities Lending		-
Other		-
Total Liabilities	\$	-

**Net Position Restricted for Pensions** \$ 60,256,593



# Accounting Information

## Statement of Changes to the Fiduciary Net Position

	<i>Prior Report</i>	<i>Current Report</i>
Measurement Date:	June 30, 2021	June 30, 2022
Report Date:	June 30, 2021	June 30, 2022
<b>Additions</b>		
Investment Income:		
Net Appreciation in the Fair Value of Investments	\$ 15,952,848	\$ (10,864,814)
Interest and Dividends	-	-
Less Investment Expense, Other than from Securities Lending	-	-
Net Income from Investing, Other than from Securities Lending	15,952,848	(10,864,814)
Securities Lending Income	-	-
Less Securities Lending Expense	-	-
Net Income from Securities Lending	-	-
Other Income/(Expense)	-	-
<b>Net Investment Income (a)</b>	<b>15,952,848</b>	<b>(10,864,814)</b>
Contributions:		
Employer – Town's Contribution	4,918,997	5,939,829
Employee Contributions	230,102	191,351
<b>Total Contributions (b)</b>	<b>5,149,099</b>	<b>6,131,180</b>
<b>Total Additions (c) = (a) + (b)</b>	<b>21,101,947</b>	<b>(4,733,634)</b>
<b>Deductions</b>		
Benefit Payments	5,261,905	6,275,605
Administrative Expense	37,500	243,510
<b>Total Deductions (d)</b>	<b>5,299,405</b>	<b>6,519,115</b>
<b>Net Increase in Net Position = (c) – (d)</b>	<b>15,802,542</b>	<b>(11,252,749)</b>
<b>Net Position Restricted for Pensions</b>		
Beginning of Year	55,706,800	71,509,342
Net Increase in Net Position	15,802,542	(11,252,749)
End of Year	<b>\$ 71,509,342</b>	<b>\$ 60,256,593</b>

# Accounting Information

## Changes in the Net Pension Liability

The funded status of the Plan as of the fiscal year-end, as well as other required disclosure information, follows.

	<i>Increase / (Decrease)</i>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) – (b)
<b>Balance as of:</b>			
<b>Measurement Date June 30, 2021 /</b>			
<b>Report Date June 30, 2021</b>	<u>\$ 108,430,954</u>	<u>\$ 71,509,342</u>	<u>\$ 36,921,612</u>
<b>Changes for the year:</b>			
Service Cost	898,771		898,771
Interest	7,167,954		7,167,954
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	1,125,231		1,125,231
Changes of Assumptions	(2,068,774)		(2,068,774)
Net Investment Income		(10,864,814)	10,864,814
Contributions			
Employer – Town's Contribution		5,939,829	(5,939,829)
Employee Contributions		191,351	(191,351)
Benefit Payments	(6,275,605)	(6,275,605)	-
Administrative Expense		(243,510)	243,510
Other Changes	-	-	-
<b>Net Changes</b>	<u>847,577</u>	<u>(11,252,749)</u>	<u>12,100,326</u>
<b>Balance as of:</b>			
<b>Measurement Date June 30, 2022 /</b>			
<b>Report Date June 30, 2022</b>	<u>109,278,531</u>	<u>60,256,593</u>	<u>49,021,938</u>

# Accounting Information

## Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2022 / Report Date June 30, 2022

### Deferred Outflows and Inflows of Resources Arising from Differences Between Expected and Actual Experience

Measurement Date – June 30:	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2022 (c)	Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2018	\$ 1,978,473	\$ -	\$ 1,978,473	\$ -	\$ -
2019	1,525,148	-	1,525,148	-	-
2020	682,436	-	682,436	-	-
2021	-	(1,568,488)	(1,045,660)	-	(522,828)
2022	1,125,231	-	321,495	803,736	-
<b>Total</b>				<b>\$ 803,736</b>	<b>\$ (522,828)</b>

### Deferred Outflows and Inflows of Resources Arising from Changes in Assumptions

Measurement Date – June 30:	Increase in Total Liability (a)	Decrease in Total Liability (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2022 (c)	Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2018	\$ 487,587	\$ -	\$ 487,587	\$ -	\$ -
2019	2,358,787	-	2,358,787	-	-
2020	5,424,302	-	5,424,302	-	-
2021	-	(5,924,255)	(3,949,502)	-	(1,974,753)
2022	-	(2,068,774)	(591,079)	-	(1,477,695)
<b>Total</b>				<b>\$ -</b>	<b>\$ (3,452,448)</b>

# Accounting Information

## Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2022 / Report Date June 30, 2022

Deferred Outflows and Inflows of Resources Arising from Differences Between Projected and Actual Earnings on Investments

Measurement Date – June 30:	Investment Earnings Less Than Projected (a)	Investment Earnings Greater Than Projected (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2022 (c)	Deferred Outflows of Resources (d) = (a) – (c)	Deferred Inflows of Resources (e) = (b) – (c)	Net (f) = (d) + (e)
2018	\$ -	\$ (329,198)	\$ (329,198)	\$ -	\$ -	
2019	2,085,544	-	1,668,435	417,109	-	
2020	4,615,302	-	2,769,182	1,846,120	-	
2021	-	(12,392,423)	(4,956,968)	-	(7,435,455)	
2022	15,678,602	-	3,135,721	12,542,881	-	
Total				\$ 14,806,110	\$ (7,435,455)	\$ 7,370,655

# Accounting Information

## Expense and Deferred Outflows and Inflows

	Measurement Period:	2021-2022
	Reporting Period:	<u>2021-2022</u>
<b>Expense</b>		
Service Cost	\$	898,771
Interest on Total Pension Liability		7,167,954
Changes of Benefit Terms		-
Recognized Differences Between Expected and Actual Experience		407,431
Recognized Changes of Assumptions		(168,032)
Employee Contributions		(191,351)
Projected Earnings on Pension Plan Investments		(4,813,788)
Recognized Differences Between Projected and Actual Earnings		1,931,567
Administrative Expense		243,510
Other Miscellaneous (Income)/Expense		-
<b>Total Expense</b>	<b>\$</b>	<b>5,476,062</b>

Deferred Outflows and Inflows of Resources	Report Year Ending June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 803,736	\$ (522,828)
Changes of Assumptions	-	(3,452,448)
Net Difference Between Projected and Actual Earnings on Plan Investments	7,370,655	-
Contributions Subsequent to the Measurement Date	-	-
<b>Total</b>	<b>\$ 8,174,391</b>	<b>\$ (3,975,276)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

	Report Year Ending June 30:	Amount
	2023	\$ (769,760)
	2024	1,310,712
	2025	522,445
	2026	3,135,718
	2027	-
	Remaining	-

# Accounting Information

## Interest on Liability and Earnings and Investment Gain/Loss

For the report year ending June 30, 2022

Interest on Total Pension Liability	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total Pension Liability (d) = (a) × (b) × (c)
Beginning Total Pension Liability	\$ 108,430,954	100%	6.75%	\$ 7,319,089
Service Cost	898,771	100%	6.75%	60,667
Benefit Payments	(6,275,605)	50%	6.75%	(211,802)
<b>Total Interest on Total Pension Liability</b>				<b><u>\$ 7,167,954</u></b>

Projected Earnings on Pension Plan Investments	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (d) = (a) × (b) × (c)
Beginning Plan Fiduciary Net Position Excluding Receivables	\$ 71,509,342	100%	6.75%	\$ 4,826,881
Employer Contributions	5,939,829	50%	6.75%	200,469
Employee Contributions	191,351	50%	6.75%	6,458
Benefit Payments from Trust	(6,275,605)	50%	6.75%	(211,802)
Administrative Expense	(243,510)	50%	6.75%	(8,218)
Other Miscellaneous Income/ (Expense)	-	100%	6.75%	-
<b>Total Projected Earnings</b>				<b>4,813,788</b>
(Investment Expense)				-
<b>Net Projected Earnings</b>				<b><u>\$ 4,813,788</u></b>

Investment Gain / Loss	Amount
Net Projected Earnings	\$ 4,813,788
Actual Net Earnings	- (10,864,814)
<b>Investment (Gain) / Loss</b>	<b><u>\$ 15,678,602</u></b>

## Accounting Information

### Reconciliation of Expense

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Deferred (Inflows)	Deferred Outflows	Net Investment (Inflows)/ Outflows	Net Deferrals	Net Pension Liability plus Net Deferrals	Annual Expense
Balance as of: Measurement Date June 30, 2021 / Report Date June 30, 2021	\$ (108,430,954)	\$ 71,509,342	\$ (36,921,612)	\$ (4,995,162)	\$ 3,006,564	\$ (6,376,380)	\$ (8,364,978)	\$ (45,286,590)	
Service Cost	(898,771)		(898,771)						\$ 898,771
Interest on Total Pension Liability	(7,167,954)		(7,167,954)						7,167,954
Effect of Changes of Benefit Terms	-		-						-
Effect of Liability Gains or Losses	(1,125,231)		(1,125,231)	-	1,125,231		1,125,231		
Effect of Assumption Changes or Inputs	2,068,774		2,068,774	(2,068,774)	-		(2,068,774)		
Expected Investment Income (Net of Investment Expenses)		4,813,788	4,813,788						(4,813,788)
Investment Gains or Losses on Expected Return Contributions		(15,678,602)	(15,678,602)			15,678,602	15,678,602		
Employer – Town's Contribution		5,939,829	5,939,829					5,939,829	
Employee Contributions		191,351	191,351						(191,351)
Benefit Payments	6,275,605	(6,275,605)	-						
Administrative Expenses		(243,510)	(243,510)						243,510
Other Income/ (Expense)		-	-						-
Recognition of Liability Gains or Losses				522,830	(930,261)		(407,431)		407,431
Recognition of Assumption Changes or Inputs				2,565,830	(2,397,798)		168,032		(168,032)
Recognition of Investment Gains or Losses						(1,931,567)	(1,931,567)		1,931,567
Change in Contributions Subsequent to the Measurement Date							-		
Annual Expense								(5,476,062)	\$ 5,476,062
Balance as of: Measurement Date June 30, 2022 / Report Date June 30, 2022	\$ (109,278,531)	\$ 60,256,593	\$ (49,021,938)	\$ (3,975,276)	\$ 803,736	\$ 7,370,655	\$ 4,199,115	\$ (44,822,823)	

# Accounting Information

## Impact on the Statement of Net Position

### Impact on the Statement of Net Position

	Measurement Date: Report Date:	June 30, 2021 June 30, 2021	June 30, 2022 June 30, 2022	Change During Period
Total Pension Liability	\$	108,430,954	\$ 109,278,531	\$ 847,577
Fiduciary Net Position		71,509,342	60,256,593	(11,252,749)
Net Pension Liability / (Asset)		<u>36,921,612</u>	<u>49,021,938</u>	<u>\$ 12,100,326</u>
<b>Deferred (Outflows) / Inflows Due To:</b>				
Differences between Expected and Actual Experience		436,892	(280,908)	(717,800)
Changes of Assumptions		1,551,706	3,452,448	1,900,742
Differences between Projected and Actual Investment Earnings		6,376,380	(7,370,655)	(13,747,035)
(Contributions Subsequent to the Measurement Date)		-	-	-
Net Deferred (Outflows) / Inflows		<u>8,364,978</u>	<u>(4,199,115)</u>	<u>(12,564,093)</u>
<b>Impact on the Statement of Net Position</b>		<u><u>45,286,590</u></u>	<u><u>44,822,823</u></u>	<u><u>(463,767)</u></u>

### Change in Net Position During Fiscal Year

	Measurement Date: Report Date:	June 30, 2022 June 30, 2022
Impact on the Statement of Net Position, Fiscal Year Ending June 30, 2021		45,286,590
Pension Expense / (Income) (Employer Contributions During Fiscal Year)		5,476,062
		<u>(5,939,829)</u>
<b>Impact on the Statement of Net Position for the Fiscal Year Ending June 30, 2022</b>		<u><u>44,822,823</u></u>

### Pension Expense

	Measurement Date: Report Date:	June 30, 2022 June 30, 2022
Deterioration / (Improvement) in Net Position		(463,767)
Employer Contributions During the Fiscal Year		5,939,829
<b>Pension Expense / (Income) for the Fiscal Year Ending June 30, 2022</b>		<u><u>5,476,062</u></u>



# Accounting Information

## Sample Journal Entries

### Suggested Journal Entries for the Report Year ending June 30, 2022

<b>Beginning Balance</b>	<u>Debit (Outflow)</u>	<u>Credit (Inflow)</u>
Net Pension Liability/Asset	\$ -	\$ 36,921,612
Differences between Expected and Actual Experience	608,766	1,045,658
Changes of Assumptions	2,397,798	3,949,504
Differences between Projected and Actual Investment Earnings	-	6,376,378
Contributions Subsequent to the Measurement Date	-	-
Impact on Statement of Net Position	45,286,588	-
<b>Ending Balance</b>	<u>Debit (Outflow)</u>	<u>Credit (Inflow)</u>
Net Pension Liability/Asset	\$ -	\$ 49,021,938
Differences between Expected and Actual Experience	803,736	522,828
Changes of Assumptions	-	3,452,448
Differences between Projected and Actual Investment Earnings	7,370,657	-
Contributions Subsequent to the Measurement Date	-	-
Impact on Statement of Net Position	44,822,821	-
<b>Pension-Expense Journal Entries</b>	<u>Debit</u>	<u>Credit</u>
Net Pension Liability/Asset	\$ -	\$ 12,100,326
Differences between Expected and Actual Experience	Deferred Outflows 194,970 Deferred Inflows 522,830	-
Changes of Assumptions	Deferred Outflows - Deferred Inflows 497,056	2,397,798
Differences between Projected and Actual Investment Earnings	Deferred Outflows 7,370,657 Deferred Inflows 6,376,378	-
Pension Expense/Credit	-	463,767
<b>Total</b>	<u>14,961,891</u>	<u>14,961,891</u>
Change to the Impact on the Statement of Net Position	-	463,767
<b>Journal Entries – Deferred Outflows</b>	<u>Debit</u>	<u>Credit</u>
Net Pension Liability/Asset	\$ -	\$ -
Contributions Subsequent to the Meas. Date: FY 2020-2021	-	-
Contributions Subsequent to the Meas. Date: FY 2021-2022	-	-
Contributions Expense	-	-

# Accounting Information

## Amortization of the Net Pension Liability

A summary of the information used to establish the amortization amount for the current year and the following year, with respect to the Net Pension Liability, follows. We recalculate the amortization each fiscal year. If the Net Pension Liability is negative, it is an asset and it is not amortized.

The Town is amortizing the Net Pension Liability using a level-percent-of-pay method on an open basis. Remaining years of amortization as of the report date of June 30, 2022: 18

	Measurement Period:	2022-2023*	2023-2024	<i>Estimated</i>
	Report Date (June 30):	<u>2023</u>	<u>2024</u>	<u>2024-2025</u>
				<u>2025</u>
Total Pension Liability		\$ 110,619,865	\$ 110,779,892	\$ 112,217,351
Fiduciary Net Position	-	<u>71,196,415</u>	<u>64,067,150</u>	<u>61,319,581</u>
<b>Net Pension Liability</b>	=	<b><u>\$ 39,423,450</u></b>	<b><u>\$ 46,712,742</u></b>	<b><u>\$ 50,897,770</u></b>

All values measured at the beginning of the measurement period.

Amortization Type	Closed	Closed	Closed
Interest Rate Used to Determine Amortization	6.75%	6.75%	6.75%
Assumed Rate of Payroll Growth	2.00%	2.50%	2.50%
Amortization Period	18 years	17 years	16 years
<b>Amount Recognized, Beginning of Year</b>	<b>\$ 3,694,802</b>	<b>\$ 3,396,443</b>	<b>\$ 3,882,133</b>

It is the policy of the Town not to allow negative amortizations.

\*Determined in the prior report.

# Accounting Information

## Actuarially Determined Contribution (ADC)

The calculation of the Actuarially Determined Contribution (ADC) follows. The ADC is based on the Town's funding policy. The ADC is calculated as of the end of the year.

	Measurement Period:	2022-2023*	2023-2024	<i>Estimated</i> 2024-2025
	Report Date (June 30):	<u>2023</u>	<u>2024</u>	<u>2025</u>
Service Cost		\$ 690,997	\$ 721,330	\$ 770,020
Amortization of the Net Pension Liability		3,694,802	3,396,443	3,882,133
Interest to the End of the Year		-	277,950	314,020
<b>Service Cost and Amortization (with Interest)</b>		<b>\$ 4,385,799</b>	<b>\$ 4,395,723</b>	<b>\$ 4,966,173</b>
<b>Service Cost and Amortization (with Interest) as a Percentage of Payroll</b>		<b>77.27%</b>	<b>51.42%</b>	<b>61.27%</b>
<b>Discount Rate for ADC Calculation</b>		<b>6.75%</b>	<b>6.75%</b>	<b>6.75%</b>
<b>ADC Components</b>				
Town's Contribution to the Trust Fund		\$ 4,385,799	\$ 4,395,723	\$ 4,966,173
Credit for Retiree Benefit Payments Outside of the Trust		-	-	-
<b>Total ADC</b>		<b>\$ 4,385,799</b>	<b>\$ 4,395,723</b>	<b>\$ 4,966,173</b>
<b>ADC as a Percentage of Payroll</b>		<b>77.27%</b>	<b>51.42%</b>	<b>61.27%</b>

### Town's Funding Policy

The Town's funding policy is to contribute 100% of the sum of the service cost and amortization (both with interest) each year until the plan is fully funded, and then contribute the greater of the service cost or the benefit payments.

The ADC is the sum of the service cost and the amortization of the net pension liability, plus interest to the end of the year. For payment of the ADC, however, it comprises two parts: the benefit payments paid directly by the and not reimbursed through the Trust Fund and the contribution to the Trust Fund. If the total of the service cost and amortization is less than the total of the benefit payments, the contribution to the trust fund will be negative and is typically set to zero.

\*Determined in the prior report.

## Accounting Information

### Actuarially Determined Contribution (ADC) by Department

The allocation of the Actuarially Determined Contribution (ADC) by Department follows.

	School	Fire*	Police*	Public Works	Town	Total
<b>Demographics</b>						
Active Employees	35	43	36	16	5	135
Deferred Employees	6	0	1	1	3	11
Retirees and Beneficiaries In Pay Status	<u>69</u>	<u>46</u>	<u>53</u>	<u>15</u>	<u>22</u>	<u>205</u>
<b>Total</b>	<b>110</b>	<b>89</b>	<b>90</b>	<b>32</b>	<b>30</b>	<b>351</b>
<b>Covered-Employee Payroll</b>	<b>\$ 1,595,335</b>	<b>\$ 3,235,573</b>	<b>\$ 2,695,879</b>	<b>\$ 999,408</b>	<b>\$ 399,212</b>	<b>\$ 8,925,407</b>
Service Cost – Prior Year	\$ 188,513	\$ 327,256	\$ 337,721	\$ 22,633	\$ 32,780	\$ 908,903
Expected Employee Contributions – Prior Year	<u>(71,674)</u>	<u>(60,333)</u>	<u>(84,571)</u>	<u>-</u>	<u>(16,606)</u>	<u>(233,184)</u>
<b>Total Service Cost – Prior Year</b>	<b>116,839</b>	<b>266,923</b>	<b>253,150</b>	<b>22,633</b>	<b>16,174</b>	<b>675,719</b>
Adjustment to Service Cost for Timing	<u>7,887</u>	<u>18,017</u>	<u>17,087</u>	<u>1,528</u>	<u>1,092</u>	<u>45,611</u>
<b>Service Cost – Current Year (a)</b>	<b>\$ 124,726</b>	<b>\$ 284,940</b>	<b>\$ 270,237</b>	<b>\$ 24,161</b>	<b>\$ 17,266</b>	<b>\$ 721,330</b>
<b>Total Pension Liability</b>	<b>\$ 14,889,940</b>	<b>\$ 35,717,483</b>	<b>\$ 43,479,913</b>	<b>\$ 4,191,393</b>	<b>\$ 10,999,802</b>	<b>\$ 109,278,531</b>
<b>Fiduciary Net Position</b>	<b><u>8,210,369</u></b>	<b><u>19,694,754</u></b>	<b><u>23,974,988</u></b>	<b><u>2,311,150</u></b>	<b><u>6,065,332</u></b>	<b><u>60,256,593</u></b>
<b>Net Pension Liability</b>	<b>6,679,571</b>	<b>16,022,729</b>	<b>19,504,925</b>	<b>1,880,243</b>	<b>4,934,470</b>	<b>49,021,938</b>
Amortization of Net Pension Liability (b)	415,163	1,166,672	1,275,008	145,936	384,368	3,387,147
Interest to End of Year (c)	<u>36,442</u>	<u>97,984</u>	<u>104,304</u>	<u>11,482</u>	<u>27,110</u>	<u>277,322</u>
<b>ADC for Measurement Year Ending June 30, 2022 = (a) + (b) + (c)</b>	<b>\$ 576,331</b>	<b>\$ 1,549,596</b>	<b>\$ 1,649,549</b>	<b>\$ 181,579</b>	<b>\$ 428,744</b>	<b>\$ 4,385,799</b>
<b>ADC as a Percentage of Payroll</b>	<b>36.13%</b>	<b>47.89%</b>	<b>61.19%</b>	<b>18.17%</b>	<b>107.40%</b>	<b>49.14%</b>
<b>ADC</b>	<b>School</b>	<b>Fire</b>	<b>Police</b>	<b>Public Works</b>	<b>Town</b>	<b>Total</b>
Measurement Year Ending June 30, 2023	\$ 623,819	\$ 1,482,992	\$ 1,733,205	\$ 165,300	\$ 390,407	\$ 4,395,723
Measurement Year Ending June 30, 2024	704,774	1,675,446	1,958,129	186,752	441,072	4,966,173
Measurement Year Ending June 30, 2025	653,496	1,553,542	1,815,657	173,164	408,980	4,604,839

\*The active employees counts for Police and Fire include employees who are only eligible for the disability benefit. The disability benefit is less than 0.5% of the total liability, but these individuals must be included since there is a benefit for them, even though it is small. Active employees with the regular pension benefit total 19 for Fire and 11 for Police.

# Accounting Information

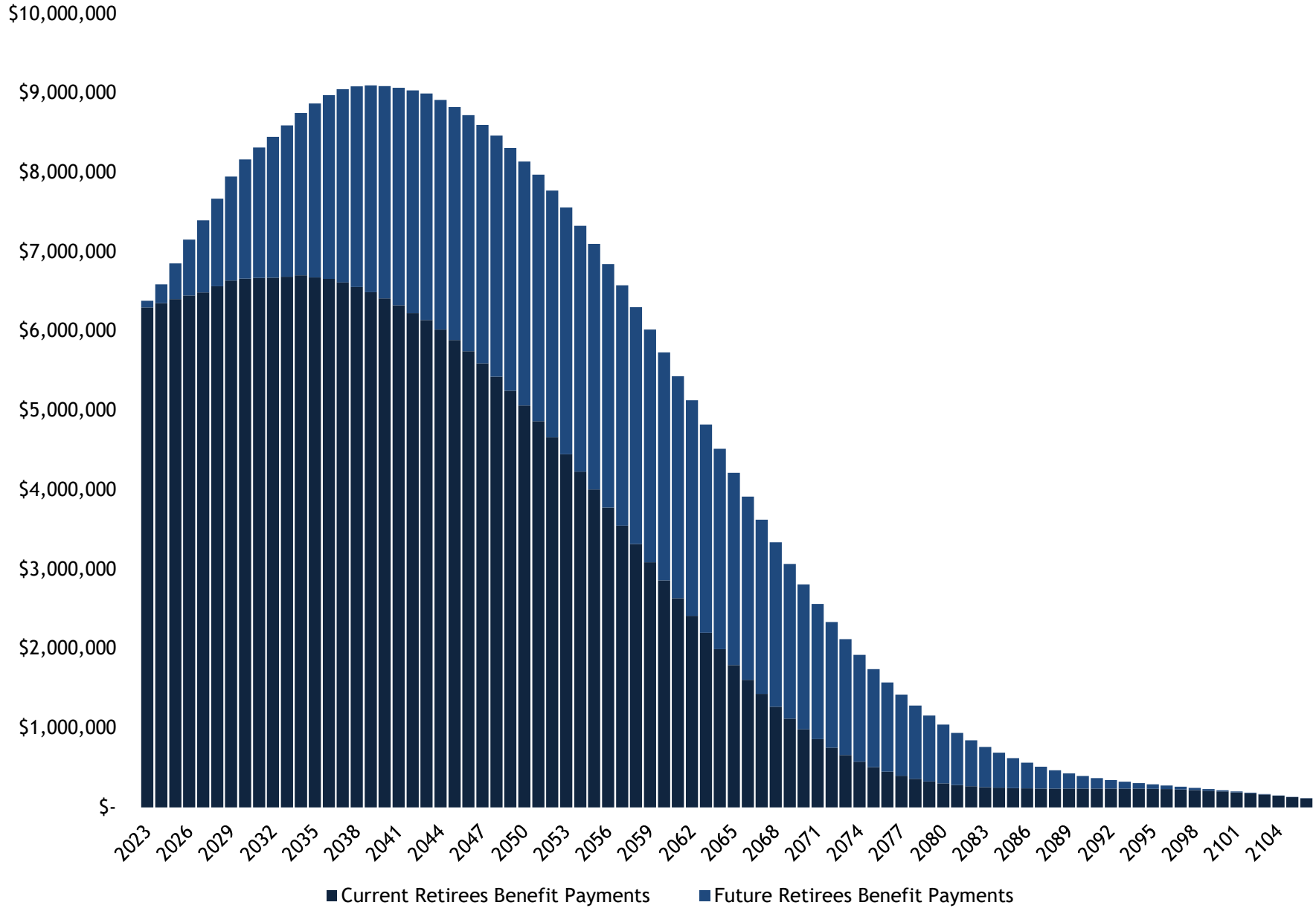
## Projection of Benefit Payments

Projected benefit payments for current participants follow. "Future Retirees" are employees currently working, but projected to retire and receive benefits. The projections do not include benefits for employees hired in the future.

Measurement Period Ending June 30:	Projected Retiree Benefit Payments		
	Current Retirees	Future Retirees	Total
2023	\$ 6,296,414	\$ 84,500	\$ 6,380,914
2024	6,351,162	236,702	6,587,864
2025	6,401,279	450,772	6,852,051
2026	6,446,123	704,594	7,150,717
2027	6,485,040	910,477	7,395,517
2028	6,565,195	1,102,136	7,667,331
2029	6,636,513	1,310,995	7,947,508
2030	6,660,363	1,502,932	8,163,295
2031	6,670,102	1,640,672	8,310,774
2032	6,670,942	1,774,988	8,445,930
2033	6,682,762	1,909,018	8,591,780
2034	6,701,623	2,045,344	8,746,967
2035	6,674,171	2,193,371	8,867,542
2036	6,656,345	2,316,947	8,973,292
2037	6,612,287	2,435,077	9,047,364
2038	6,554,974	2,528,876	9,083,850
2039	6,487,650	2,606,416	9,094,066
2040	6,410,253	2,676,395	9,086,648
2041	6,322,687	2,741,443	9,064,130
2042	6,224,758	2,805,850	9,030,608
2043	6,136,794	2,855,226	8,992,020
2044	6,017,666	2,894,672	8,912,338
2045	5,887,181	2,934,597	8,821,778
2046	5,745,069	2,974,747	8,719,816
2047	5,591,196	3,005,310	8,596,506
2048	5,425,692	3,037,806	8,463,498
↓	↓	↓	↓

# Accounting Information

## Projected Benefit Payments for Current Participants



# Accounting Information

## Projection of Contributions

Measurement Period Ending June 30:	Payroll			Projected Employer Contributions*		
	Current Employees	Future Employees	Total	Current Participants	Related to Payroll of Future Employees	18 Years, Then at 10.14%
	(a)	(b)	(c)	(d) = (f) - (e)	(e) = (b) x 12.00%**	(f) = (c) x 61.27%
2023	\$ 8,925,407	\$ -	\$ 8,925,407	\$ 4,385,799	\$ -	\$ 4,385,799
2024	8,548,283	-	8,548,283	4,395,723	-	4,395,723
2025	8,105,086	-	8,105,086	4,966,173	-	4,966,173
2026	7,515,651	-	7,515,651	4,604,839	-	4,604,839
2027	6,969,505	-	6,969,505	4,270,216	-	4,270,216
2028	6,569,543	-	6,569,543	4,025,159	-	4,025,159
2029	6,201,665	-	6,201,665	3,799,760	-	3,799,760
2030	5,654,856	-	5,654,856	3,464,730	-	3,464,730
2031	5,372,401	-	5,372,401	3,291,670	-	3,291,670
2032	5,150,834	-	5,150,834	3,155,916	-	3,155,916
2033	4,798,012	-	4,798,012	2,939,742	-	2,939,742
2034	4,417,555	-	4,417,555	2,706,636	-	2,706,636
2035	3,803,196	-	3,803,196	2,330,218	-	2,330,218
2036	3,442,879	-	3,442,879	2,109,452	-	2,109,452
2037	2,869,057	-	2,869,057	1,757,871	-	1,757,871
2038	2,544,855	-	2,544,855	1,559,233	-	1,559,233
2039	2,247,720	-	2,247,720	1,377,178	-	1,377,178
2040	1,916,762	-	1,916,762	1,174,400	-	1,174,400
2041	1,631,602	-	1,631,602	165,444	-	165,444
2042	1,422,820	-	1,422,820	144,274	-	144,274
2043	973,957	-	973,957	98,759	-	98,759
2044	834,775	-	834,775	84,646	-	84,646
2045	731,733	-	731,733	74,198	-	74,198
2046	636,078	-	636,078	64,498	-	64,498
2047	562,928	-	562,928	57,081	-	57,081
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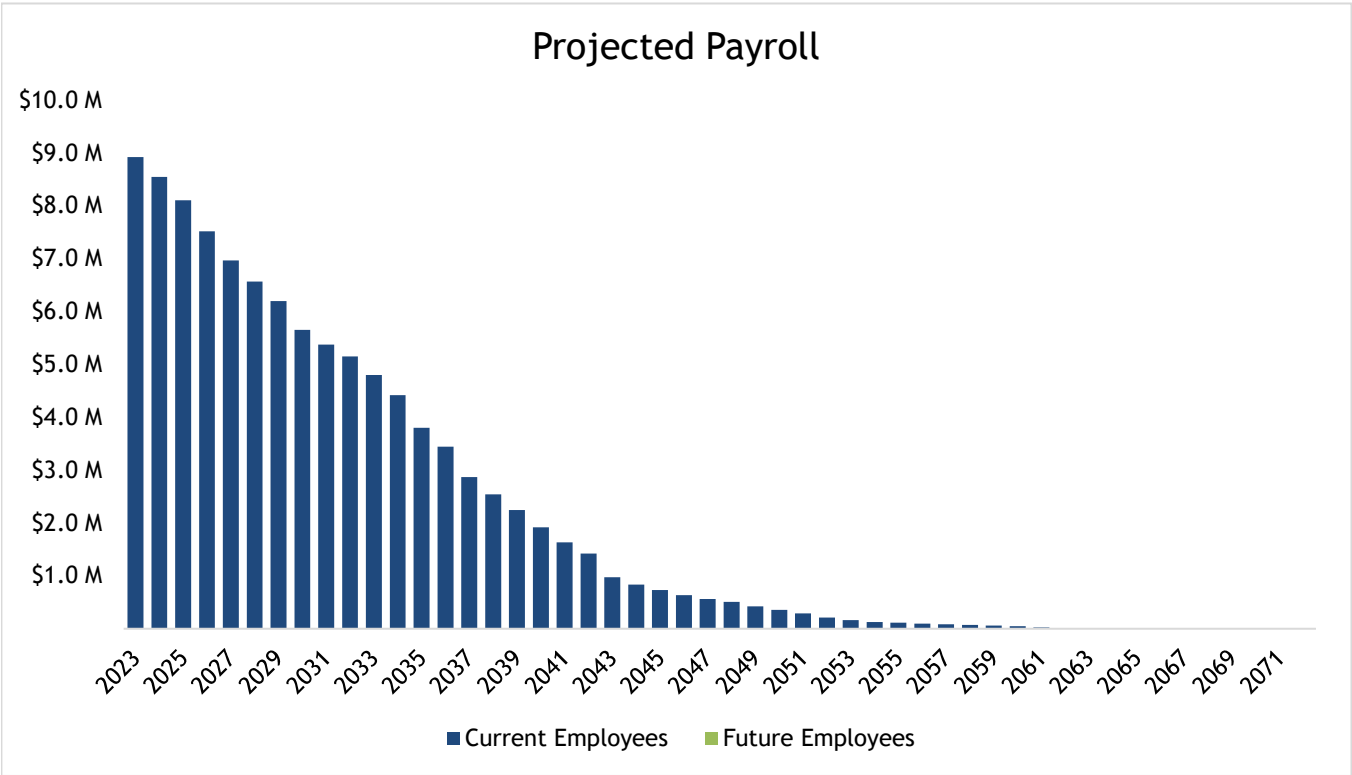
\*The contributions for the first three years are calculated separately. Contributions for subsequent years use the percentages shown.

\*\*The service cost percentage was determined in the prior report. If benefit payments are higher, they are used in place of the calculated amount.

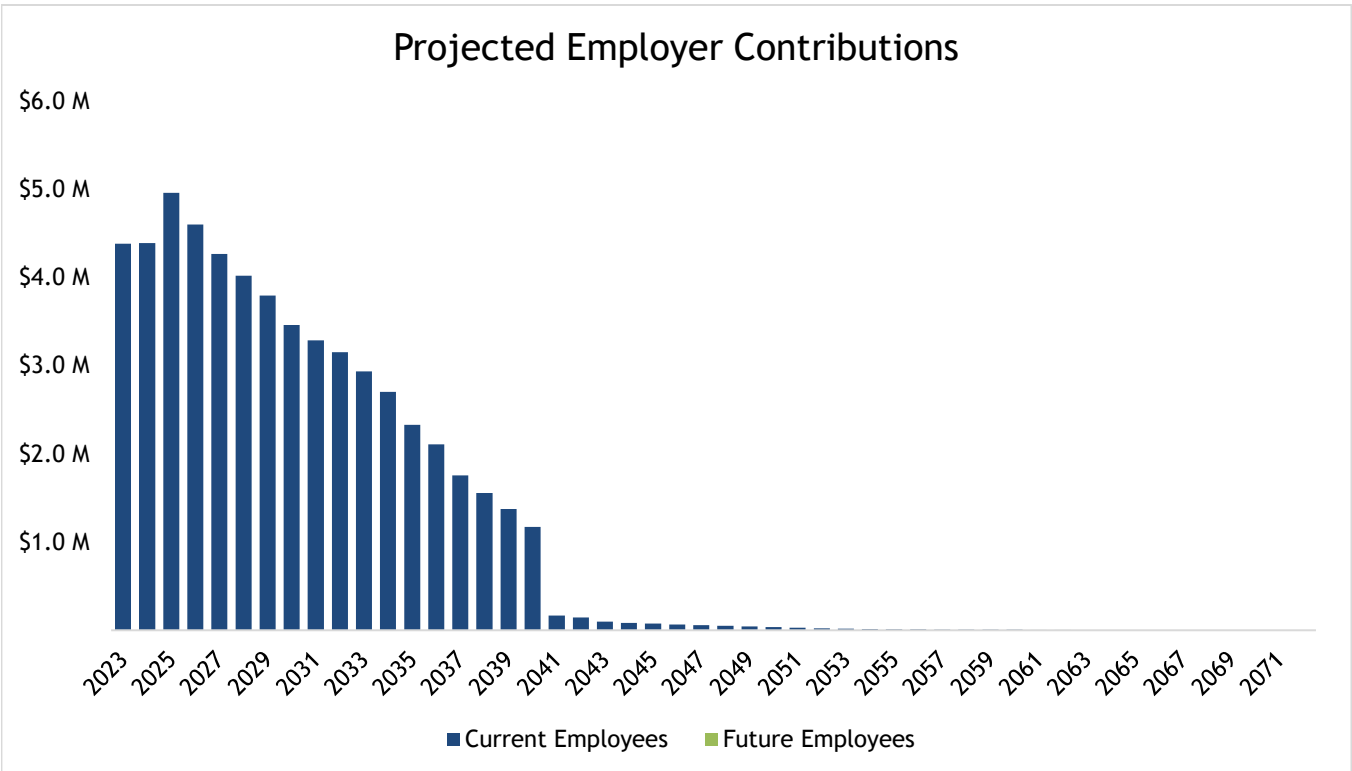
# Accounting Information

## Projection of Contributions Charts

Projected Payroll for Current and Future Employees



Projected Employer Contributions for Current and Future Plan Participants





# Accounting Information

## Projection of Fiduciary Net Position

Current Participants Only

Measurement Period Ending June 30:	Investment Rate of Return (a)	Projected Beginning Fiduciary Net Position (b)	Employer Contributions for Current Participants (c)	Projected Benefit Payments (d)	Projected Administrative Expense (e)	Projected Investment Earnings (f)	Projected Ending Fiduciary Net Position (g) = Σ [(b) : (f)]
2023	6.75%	\$ 60,256,593	\$ 4,385,799	\$ (6,296,414)	\$ (248,380)	\$ 3,994,454	\$ 62,092,052
2024	6.75%	62,092,052	4,395,723	(6,351,162)	(253,348)	4,116,667	63,999,932
2025	6.75%	63,999,932	4,966,173	(6,401,279)	(258,415)	4,262,839	66,569,250
2026	6.75%	66,569,250	4,604,839	(6,446,123)	(263,583)	4,422,385	68,886,768
2027	6.75%	68,886,768	4,270,216	(6,485,040)	(268,855)	4,566,033	70,969,122
2028	6.75%	70,969,122	4,025,159	(6,565,195)	(274,232)	4,695,434	72,850,288
2029	6.75%	72,850,288	3,799,760	(6,636,513)	(279,717)	4,812,214	74,546,032
2030	6.75%	74,546,032	3,464,730	(6,660,363)	(285,311)	4,914,375	75,979,463
2031	6.75%	75,979,463	3,291,670	(6,670,102)	(291,017)	5,004,770	77,314,784
2032	6.75%	77,314,784	3,155,916	(6,670,942)	(296,837)	5,090,098	78,593,019
2033	6.75%	78,593,019	2,939,742	(6,682,762)	(302,774)	5,168,483	79,715,708
2034	6.75%	79,715,708	2,706,636	(6,701,623)	(308,829)	5,235,557	80,647,449
2035	6.75%	80,647,449	2,330,218	(6,674,171)	(315,006)	5,286,463	81,274,953
2036	6.75%	81,274,953	2,109,452	(6,656,345)	(321,306)	5,321,758	81,728,512
2037	6.75%	81,728,512	1,757,871	(6,612,287)	(327,732)	5,341,777	81,888,141
2038	6.75%	81,888,141	1,559,233	(6,554,974)	(334,287)	5,347,561	81,905,674
2039	6.75%	81,905,674	1,377,178	(6,487,650)	(340,973)	5,344,647	81,798,876
2040	6.75%	81,798,876	1,174,400	(6,410,253)	(347,792)	5,332,976	81,548,207
2041	6.75%	81,548,207	165,444	(6,322,687)	(354,748)	5,284,724	80,320,940
2042	6.75%	80,320,940	144,274	(6,224,758)	(361,843)	5,204,235	79,082,848
2043	6.75%	79,082,848	98,759	(6,136,794)	(369,080)	5,121,852	77,797,585
2044	6.75%	77,797,585	84,646	(6,017,666)	(376,462)	5,038,392	76,526,495
2045	6.75%	76,526,495	74,198	(5,887,181)	(383,991)	4,956,391	75,285,912
2046	6.75%	75,285,912	64,498	(5,745,069)	(391,671)	4,876,861	74,090,531
2047	6.75%	74,090,531	57,081	(5,591,196)	(399,504)	4,800,851	72,957,763
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# Accounting Information

## Depletion Date Projection

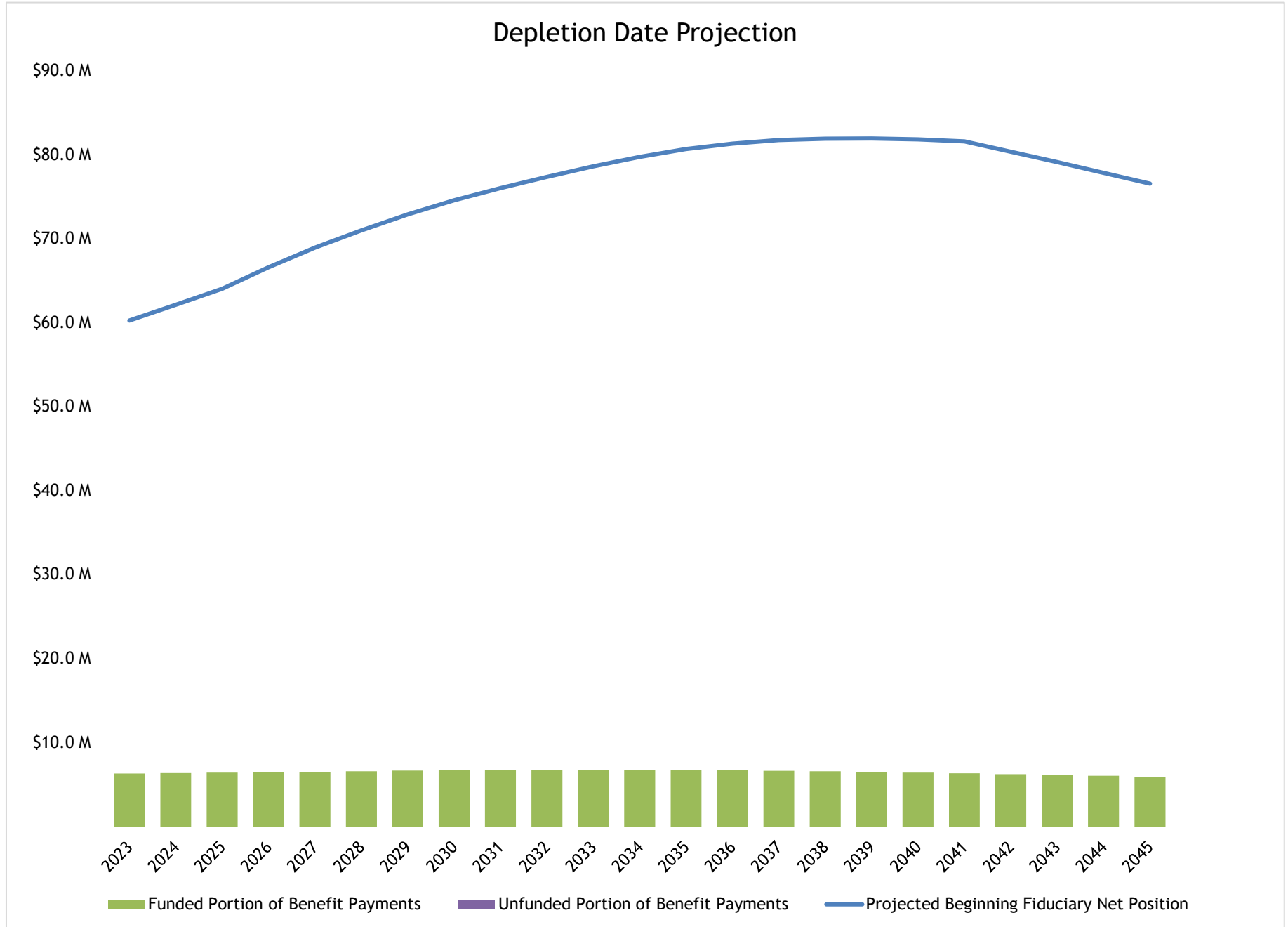
Current Participants Only

The investment earnings are determined using an investment rate of return of 6.75%.

Measurement Period Ending June 30:	Projected		Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of	Present Value of	Present Value of
	Fiduciary Net Position	Total Projected Benefit Payments			Funded Benefit Payments at the Investment Rate of Return	Unfunded Benefit Payments at 3.69%	Benefit Payments at an Equivalent Single Discount Rate of 6.75%
2023	\$ 60,256,593	\$ 6,296,414	\$ 6,296,414	\$ -	\$ 6,094,097	\$ -	\$ 6,094,097
2024	62,092,052	6,351,162	6,351,162	-	5,758,394	-	5,758,394
2025	63,999,932	6,401,279	6,401,279	-	5,436,846	-	5,436,846
2026	66,569,250	6,446,123	6,446,123	-	5,128,744	-	5,128,744
2027	68,886,768	6,485,040	6,485,040	-	4,833,449	-	4,833,449
2028	70,969,122	6,565,195	6,565,195	-	4,583,785	-	4,583,785
2029	72,850,288	6,636,513	6,636,513	-	4,340,589	-	4,340,589
2030	74,546,032	6,660,363	6,660,363	-	4,080,739	-	4,080,739
2031	75,979,463	6,670,102	6,670,102	-	3,828,296	-	3,828,296
2032	77,314,784	6,670,942	6,670,942	-	3,586,677	-	3,586,677
2033	78,593,019	6,682,762	6,682,762	-	3,365,838	-	3,365,838
2034	79,715,708	6,701,623	6,701,623	-	3,161,909	-	3,161,909
2035	80,647,449	6,674,171	6,674,171	-	2,949,842	-	2,949,842
2036	81,274,953	6,656,345	6,656,345	-	2,755,938	-	2,755,938
2037	81,728,512	6,612,287	6,612,287	-	2,564,587	-	2,564,587
2038	81,888,141	6,554,974	6,554,974	-	2,381,600	-	2,381,600
2039	81,905,674	6,487,650	6,487,650	-	2,208,093	-	2,208,093
2040	81,798,876	6,410,253	6,410,253	-	2,043,794	-	2,043,794
2041	81,548,207	6,322,687	6,322,687	-	1,888,408	-	1,888,408
2042	80,320,940	6,224,758	6,224,758	-	1,741,601	-	1,741,601
2043	79,082,848	6,136,794	6,136,794	-	1,608,422	-	1,608,422
2044	77,797,585	6,017,666	6,017,666	-	1,477,470	-	1,477,470
2045	76,526,495	5,887,181	5,887,181	-	1,354,035	-	1,354,035
↓	↓	↓	↓	↓	↓	↓	↓

# Accounting Information

## Depletion Date Projection



# Accounting Information

## Schedule of Deferred Outflows and Inflows of Resources

### Schedule of Deferred Outflows and Inflows of Resources

	Measurement Period	Base Amount	Amount Previously Recognized	Recognition Period	Remaining Period	Increase/(Decrease) in Expense: Measurement / Report Years Ending June 30:						Remaining
						2022	2023	2024	2025	2026	2027	
Differences Between Expected and Actual Experience	2017-2018	\$ 1,978,473	\$ 1,978,473	4.0	0.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2018-2019	1,525,148	1,143,861	4.0	1.0	381,287	-	-	-	-	-	-
	2019-2020	682,436	454,957	3.0	1.0	227,479	-	-	-	-	-	-
	2020-2021	(1,568,488)	(522,830)	3.0	2.0	(522,830)	(522,828)	-	-	-	-	-
	2021-2022	1,125,231	-	3.5	3.5	321,495	321,495	321,495	160,746	-	-	-
Changes of Assumptions	2017-2018	487,587	487,587	4.0	0.0	-	-	-	-	-	-	-
	2018-2019	2,358,787	1,769,090	4.0	1.0	589,697	-	-	-	-	-	-
	2019-2020	5,424,302	3,616,201	3.0	1.0	1,808,101	-	-	-	-	-	-
	2020-2021	(5,924,255)	(1,974,751)	3.0	2.0	(1,974,751)	(1,974,753)	-	-	-	-	-
	2021-2022	(2,068,774)	-	3.5	3.5	(591,079)	(591,079)	(591,079)	(295,537)	-	-	-
Differences Between Projected and Actual Earnings	2017-2018	(329,198)	(263,360)	5.0	1.0	(65,838)	-	-	-	-	-	-
	2018-2019	2,085,544	1,251,326	5.0	2.0	417,109	417,109	-	-	-	-	-
	2019-2020	4,615,302	1,846,122	5.0	3.0	923,060	923,060	923,060	-	-	-	-
	2020-2021	(12,392,423)	(2,478,483)	5.0	4.0	(2,478,485)	(2,478,485)	(2,478,485)	(2,478,485)	-	-	-
	2021-2022	15,678,602	-	5.0	5.0	3,135,721	3,135,721	3,135,721	3,135,721	3,135,718	-	-

### Summary of Deferred Outflows and Inflows of Resources

Measurement Period: July 1, 2021 – June 30, 2022

Fiscal Reporting Period: July 1, 2021 – June 30, 2022

	Measurement/Report Years Ending June 30:						Remaining
	2022	2023	2024	2025	2026	2027	
Differences Between Expected and Actual Experience	\$ 407,431	\$ (201,333)	\$ 321,495	\$ 160,746	\$ -	\$ -	\$ -
Changes of Assumptions	(168,032)	(2,565,832)	(591,079)	(295,537)	-	-	-
Differences Between Projected and Actual Earnings	1,931,567	1,997,405	1,580,296	657,236	3,135,718	-	-
<b>Total</b>	<b>\$ 2,170,966</b>	<b>\$ (769,760)</b>	<b>\$ 1,310,712</b>	<b>\$ 522,445</b>	<b>\$ 3,135,718</b>	<b>\$ -</b>	<b>\$ -</b>

# Accounting Information

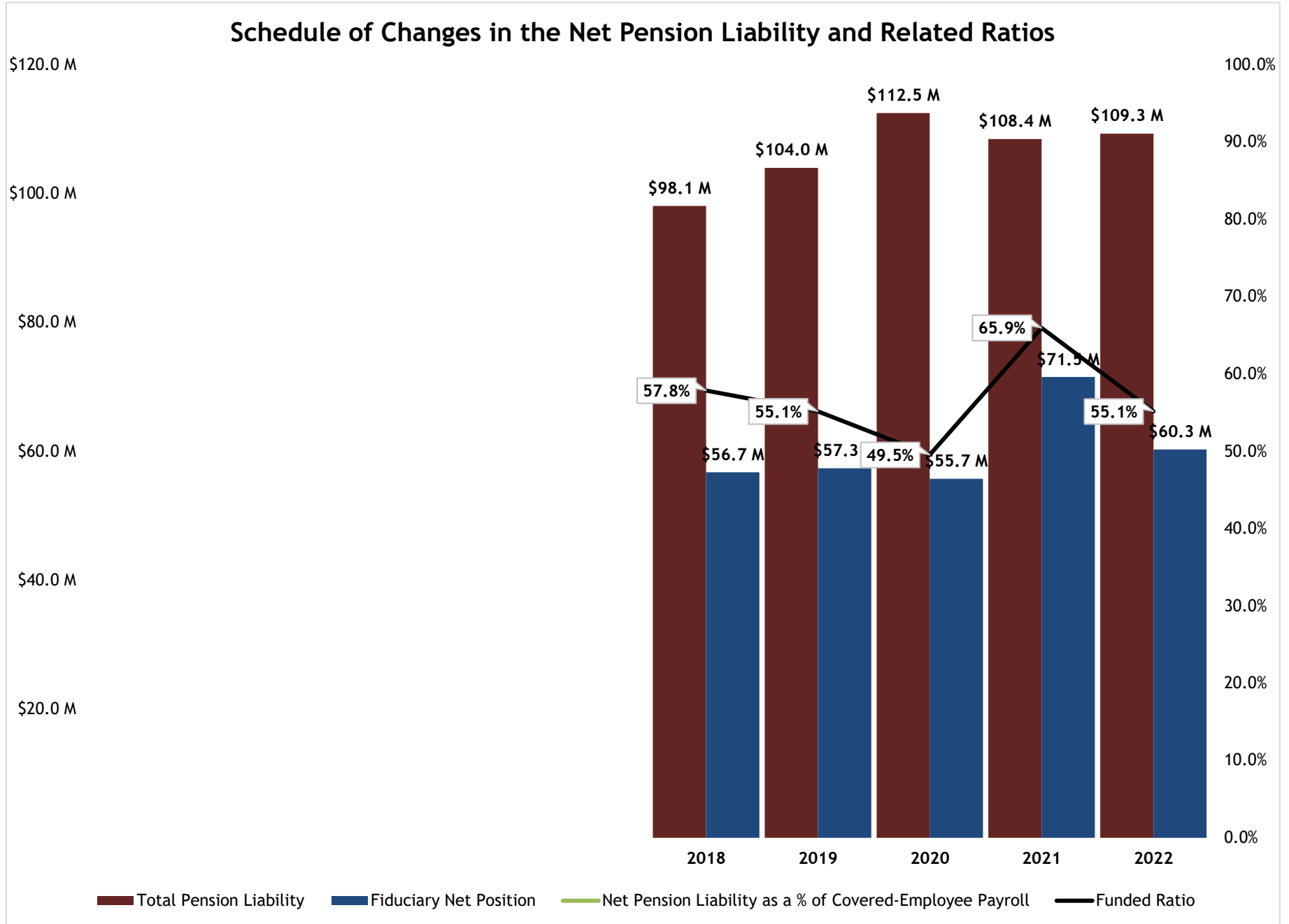
## Schedule of Changes in the Net Pension Liability and Related Ratios

GASB 68 requires a disclosure of the changes in the Net Pension Liability for the last ten fiscal years, or for as many years as are available.

Measurement Date (June 30):	2018	2019	2020	2021	2022
Report Date (June 30):	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b><u>Total Pension Liability</u></b>					
Service Cost	\$ 1,354,501	\$ 1,153,715	\$ 1,091,474	\$ 1,217,126	\$ 898,771
Interest	6,194,141	6,507,380	6,903,374	7,108,648	7,167,954
Changes of Benefit Terms	(15,093)	-	-	373,382	-
Differences Between Expected and Actual Experience	1,978,473	1,525,148	682,436	(1,568,488)	1,125,231
Changes of Assumptions	487,587	2,358,787	5,424,302	(5,924,255)	(2,068,774)
Benefit Payments	<u>(4,675,839)</u>	<u>(5,640,660)</u>	<u>(5,591,756)</u>	<u>(5,261,905)</u>	<u>(6,275,605)</u>
Net Change in Total Pension Liability	5,323,770	5,904,370	8,509,830	(4,055,492)	847,577
Total Pension Liability – Beginning	<u>92,748,476</u>	<u>98,072,246</u>	<u>103,976,616</u>	<u>112,486,446</u>	<u>108,430,954</u>
<b>Total Pension Liability – Ending (a)</b>	<b><u>\$ 98,072,246</u></b>	<b><u>\$ 103,976,616</u></b>	<b><u>\$ 112,486,446</u></b>	<b><u>\$ 108,430,954</u></b>	<b><u>\$ 109,278,531</u></b>
<b><u>Plan Fiduciary Net Position</u></b>					
Net Investment Income	\$ 3,897,741	\$ 1,706,305	\$ (773,812)	\$ 15,952,848	\$ (10,864,814)
Employer – Town's Contribution	4,322,591	4,324,436	4,484,385	4,918,997	5,939,829
Employee Contributions	301,399	271,175	246,659	230,102	191,351
Benefit Payments	(4,675,839)	(5,640,660)	(5,591,756)	(5,261,905)	(6,275,605)
Administrative Expense	(46,104)	(36,000)	-	(37,500)	(243,510)
Other Miscellaneous Income/(Expense)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	3,799,788	625,256	(1,634,524)	15,802,542	(11,252,749)
Plan Fiduciary Net Position – Beginning	<u>52,916,280</u>	<u>56,716,068</u>	<u>57,341,324</u>	<u>55,706,800</u>	<u>71,509,342</u>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b><u>\$ 56,716,068</u></b>	<b><u>\$ 57,341,324</u></b>	<b><u>\$ 55,706,800</u></b>	<b><u>\$ 71,509,342</u></b>	<b><u>\$ 60,256,593</u></b>
<b><u>Net Pension Liability</u></b>					
Town's Net Pension Liability – Ending = (a) – (b)	<b><u>\$ 41,356,178</u></b>	<b><u>\$ 46,635,292</u></b>	<b><u>\$ 56,779,646</u></b>	<b><u>\$ 36,921,612</u></b>	<b><u>\$ 49,021,938</u></b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.8%	55.1%	49.5%	65.9%	55.1%
Covered-Employee Payroll	\$ 7,820,129	\$ 7,750,088	\$ 7,260,027	\$ 5,843,765	\$ 8,707,714
Town's Net Pension Liability as a Percentage of Covered-Employee Payroll	528.8%	601.7%	782.1%	631.8%	563.0%

Notes to schedule: the Town adopted GASB 68 for the fiscal year ending June 30, 2018.

# Accounting Information



# Accounting Information

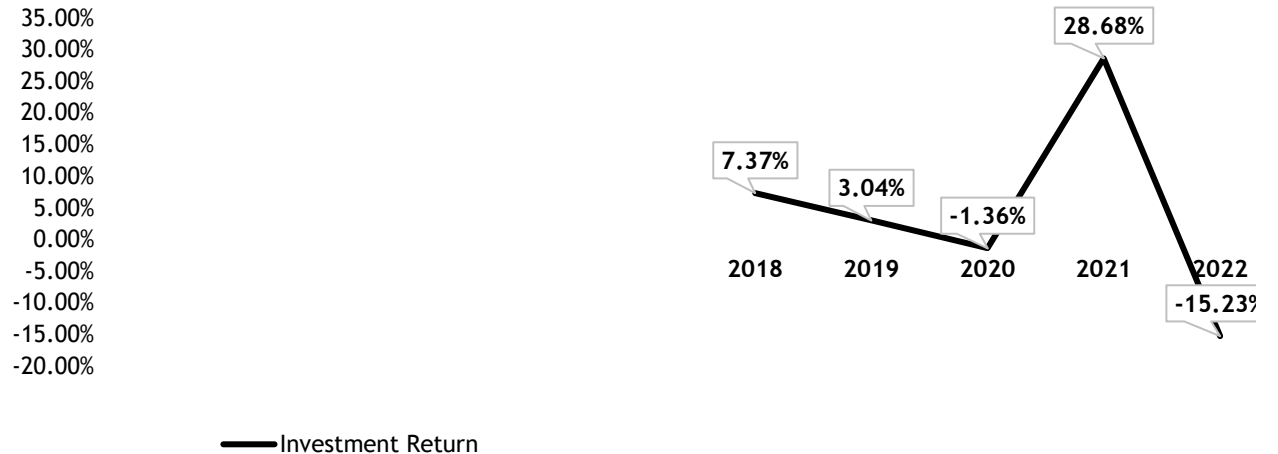
## Schedule of Investment Returns

A schedule of investment returns for the last ten fiscal years, or for as many years as are available if less than ten years are available, follows.

Measurement Date (June 30):	2018	2019	2020	2021	2022
Report Date (June 30):	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	7.37%	3.04%	-1.36%	28.68%	-15.23%

The annual money-weighted rate of return, net of investment expenses, is the net investment income for the year divided by the average net position for the year (less investment expenses).

### Investment Returns



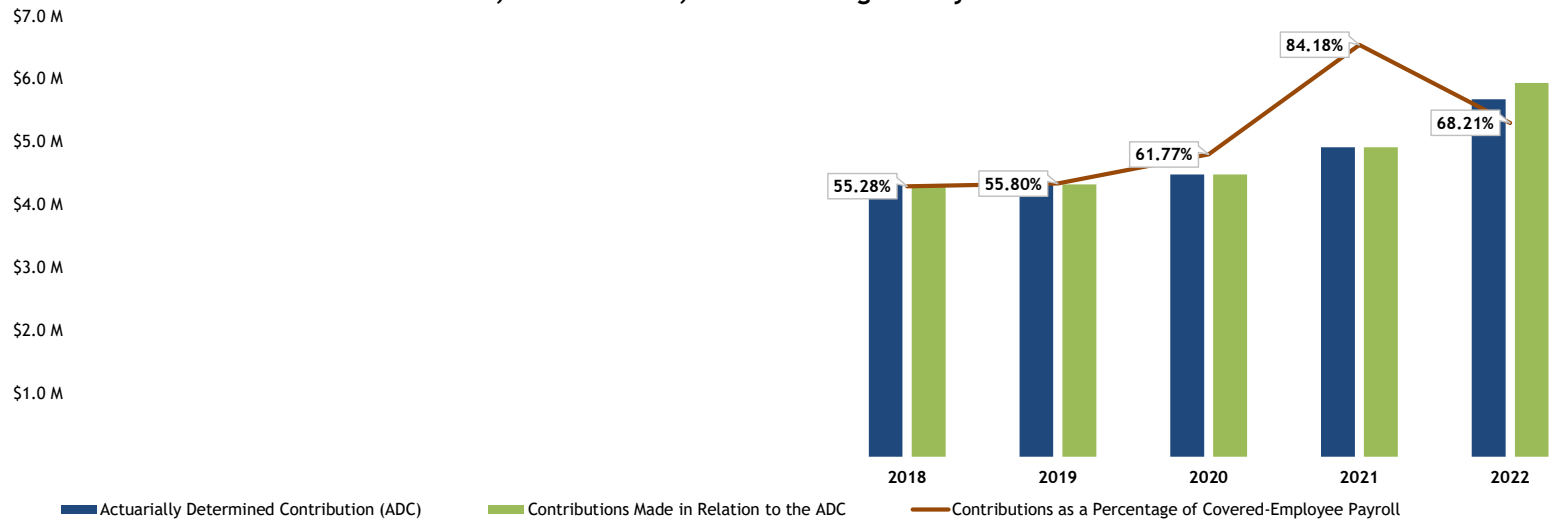
# Accounting Information

## Schedule of Contributions

GASB 68 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available.

Measurement Period:	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Reporting Period:	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Report Date (June 30):	2018	2019	2020	2021	2022
Actuarially Determined Contribution (ADC)	\$ 4,322,591	\$ 4,324,436	\$ 4,484,385	\$ 4,918,997	\$ 5,679,202
Less: Contributions Made in Relation to the ADC	4,322,591	4,324,436	4,484,385	4,918,997	5,939,829
Contribution Deficiency (Excess)	-	-	-	-	(260,627)
Covered-Employee Payroll	\$ 7,820,129	\$ 7,750,088	\$ 7,260,027	\$ 5,843,765	\$ 8,707,714
Contributions as a Percentage of Covered-Employee Payroll	55.28%	55.80%	61.77%	84.18%	68.21%

**ADC, Contributions, and Percentage of Payroll**



**Notes to Schedule:**

Assumptions and Methods

- Actuarial Cost Method: Entry-age normal, level percent of pay
- Amortization Method: Closed period, level percent of pay
- Amortization Period: 23 years
- Inflation: 2.00%
- Assumed Payroll Growth: 2.50%
- Rate of Return on Assets: 6.75%
- Mortality Rate: See appendix.
- Retirement Rates: See appendix.



# Accounting Information

## Draft Notes to the Financial Statements

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A draft of the required notes to the Town's financial statements, based on the requirements of GASB 68 and our understanding of the Town's pension plan, follows.

### Notes to the Financial Statements for the Year Ended June 30, 2022

#### Summary of Significant Accounting Policies

##### *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and the pension expense, information about the fiduciary net position of the Town's Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

#### Note X – Pensions

##### *Plan Description*

The Town administers a single-employer pension plan (the Plan). This plan includes benefits for surviving spouses, alternate payees and other beneficiaries.

##### *Benefits Provided*

Retirees are eligible for pension benefits if they terminate or retire from the town with 10+ years of service. They are also eligible for disability retirement if they become disabled with any amount of service. The Town pays varying amounts depending on bargaining unit and service as described later in this report. Full participation for all groups has been frozen, however, some new hires still qualify for disability retirement benefits under certain conditions.

##### *Employees Covered by Benefit Terms*

At June 30, 2022 (the census date), the benefit terms covered the following employees:

<u>Category</u>	<u>Count</u>
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	205
Inactive employees entitled to but not yet receiving benefit payments:	11
Active employees:	135
<b>Total</b>	<b>351</b>

# Accounting Information

## Draft Notes to the Financial Statements

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### *Contributions*

The Town makes contributions based on an actuarially determined rate.

Contribution rate: 61.27% for 18 years,  
10.14% thereafter.

Reporting period contributions: \$5,939,829

### *Financial Report*

The Town issues a stand-alone financial report that is available to the public. The report is available at:

[www.portsmouthri.gov](http://www.portsmouthri.gov)

### *Net Pension Liability*

The Town's total Pension liability was valued as of June 30, 2022, and was used to calculate the net pension liability measured as of June 30, 2022.

### *Actuarial Assumptions*

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Discount Rate	6.75%	6.75%
Investment Rate of Return	6.75%	6.75%
Inflation	2.75%	2.00%
Salary Increases	2.00%	2.50%

Mortality Rates Based on SOA Pub-2010 tables.

- Experience studies were performed by the prior actuary and will be reviewed periodically as new experience emerges.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

### *Discount Rate*

The discount rate used to measure the total pension liability is 6.75%. This is the expected long-term rate of return on assets using the asset allocation provided by Principal. The projection of cash flows used to determine the discount rate assumed that the Town contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position is projected to cover all future Pension payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

# Accounting Information

## Draft Notes to the Financial Statements

### *Long-Term Expected Real Rate of Return*

The long-term expected rate of return is determined using the long-term rates of return developed by Principal.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Real Return</b>	<b>Total Expected Return (Real + Inflation)</b>
Domestic Equity	40.35%	6.28%	8.28%
International Developed Equity	13.91%	7.00%	9.00%
International Emerging Equity	9.74%	8.82%	10.82%
Core Fixed Income	24.00%	0.38%	2.38%
High-Yield Fixed Income	6.00%	2.97%	4.97%
Real Estate	6.00%	3.50%	5.50%
Total/Average	<u>100.00%</u>		
Expected Compound Return (before netting expenses)			6.85%

Uses an expected long-term inflation rate of 2.75%

The City chose to use a more-conservative discount rate and investment rate of return of 6.75%. We believe that this is a reasonable rate to use.

<i>Current Liability</i>	<b>Amount</b>
Current Pension Liability	\$ 6,172,589
Non-Current Pension Liability	103,105,942
<b>Total Pension Liability</b>	<b>\$ 109,278,531</b>

### *Expected Average Remaining Service Lives (EARSL)*

The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows. Note, however, that for calculation purposes, we use 1.0 when calculating amortizations if the EARSL is less than 1 year.

**EARSL: 3.5 years**

# Accounting Information

## Draft Notes to the Financial Statements

<i>Changes in the Net Pension Liability</i>	<i>Increase/(Decrease)</i>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
<b>Balance as of Report Date June 30, 2021</b>	<b>\$ 108,430,954</b>	<b>\$ 71,509,342</b>	<b>\$ 36,921,612</b>
Changes for the Year:			
Service Cost	898,771		898,771
Interest	7,167,954		7,167,954
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	1,125,231		1,125,231
Changes of Assumptions	(2,068,774)		(2,068,774)
Contributions			
Employer – Town's Contribution		5,939,829	(5,939,829)
Employee Contributions		191,351	(191,351)
Net Investment Income		(10,864,814)	10,864,814
Benefit Payments	(6,275,605)	(6,275,605)	-
Administrative Expenses		(243,510)	243,510
Other Miscellaneous Income/(Expense)	-	-	-
<b>Net Changes</b>	<b>847,577</b>	<b>(11,252,749)</b>	<b>12,100,326</b>
<b>Balance as of Report Date June 30, 2022</b>	<b>\$ 109,278,531</b>	<b>\$ 60,256,593</b>	<b>\$ 49,021,938</b>

### *Sensitivity of Liabilities to Changes in the Discount Rate*

Sensitivity of the total and net pension liability to changes in the discount rate. The total and net pension liability of the Town, as well as what the Town's total and net pension liability would be if they were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) follows:

	1% Decrease	Current	1% Increase
	5.75%	6.75%	7.75%
<b>Total Pension Liability (Asset)</b>	<b>\$ 123,322,503</b>	<b>\$ 109,278,531</b>	<b>\$ 97,776,373</b>
Increase (Decrease)	14,043,972		(11,502,158)
% Change	12.9%		-10.5%
<b>Net Pension Liability (Asset)</b>	<b>\$ 63,065,910</b>	<b>\$ 49,021,938</b>	<b>\$ 37,519,780</b>
Increase (Decrease)	14,043,972		(11,502,158)
% Change	28.6%		-23.5%

# Accounting Information

## Draft Notes to the Financial Statements

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### *Pension Expense and Deferred Inflows and Outflows of Resources Related to Pension*

For the report year ended June 30, 2022, the Town recognized a pension expense of \$5,476,062. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	\$ 803,736	\$ (522,828)
Changes of Assumptions	-	(3,452,448)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	7,370,655	-
Contributions Subsequent to the Measurement Date	<u>-</u>	<u>-</u>
<b>Total</b>	<b>\$ 8,174,391</b>	<b>\$ (3,975,276)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Report Year Ending June 30:</u>	<u>Amount</u>
2023	\$ (769,760)
2024	1,310,712
2025	522,445
2026	3,135,718
2027	-
Remaining	-

# Basis of Valuation

## Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

<b>Retiree Benefits – Police</b>	
<b>Eligibility</b>	Police Officers hired prior to July 1, 2010 are eligible for full participation in this plan. Police Officers hired on or after July 1, 2010 are only eligible for the disability retirement provisions listed below.
<b>Vesting Requirement</b>	Ten years of service.
<b>Normal Retirement Date</b>	The first day after the completion of 20 years of service.
<b>Final Earnings</b>	The highest annual salary paid in the previous 36 months.
<b>Normal Retirement Benefit</b>	The annual benefit shall be 3% of Final Earnings for each year of service up to 20 years, plus 2% of Final Earnings for each year of service after 20 years. The maximum benefit payable is 70% of Final Earnings.
<b>Vested Retirement Benefit</b>	The annual benefit shall be calculated the same as the Normal Retirement Benefit.
<b>Accidental Disability Benefit</b>	The annual benefit shall be 67% of Final Earnings. There is no service requirement for this benefit.
<b>Ordinary Disability Benefit</b>	The annual benefit shall be 50% of two-year average earnings. This benefit ends when the participant reaches their normal retirement date.
<b>Pre-Retirement Death Benefit</b>	The annual benefit shall be 30% of five-year final average earnings to the surviving spouse, plus 10% of five-year final average earnings to each minor child. The maximum benefit payable is 50% of five-year final average earnings.
<b>Cost of Living Adjustments</b>	For Police Officers retired prior to July 1, 2003, the benefits are indexed at 50% of the salary increase received by active Police Officers. For Police Officers retired on or after July 1, 2003, the benefits shall be indexed with 3% annual cost of living adjustments. Effective July 1, 2010, adjustments begin on the second anniversary of the benefit commencement. There is no adjustment for deferred vested or pre-retirement death benefits.
<b>Employee Contributions</b>	Police Officers shall contribute 9% of compensation. Police Officers hired on or after July 1, 2010 have no contribution requirement.
<b>Normal Form of Payment</b>	Benefits shall be paid as a 67.5% Joint and Survivor Benefit in accordance with Section 45-21.3-1 of the State of Rhode Island General Laws.

# Basis of Valuation

## Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

<b>Retiree Benefits – Fire</b>	
<b>Eligibility</b>	Firefighters hired prior to July 1, 2013 are eligible for full participation in this plan. Firefighters hired on or after July 1, 2013 are only eligible for the disability retirement provisions listed below.
<b>Vesting Requirement</b>	Ten years of service.
<b>Normal Retirement Date</b>	The first day after the completion of 20 years of service.
<b>Final Earnings</b>	The highest annual salary paid in the previous 36 months.
<b>Normal Retirement Benefit</b>	For service earned prior to July 1, 2013, the annual benefit shall be 3% of Final Earnings for each year of service up to 20 years, plus 2% of Final Earnings for each year of service after 20 years. For service earned on or after July 1, 2013, the annual benefit shall be 1% of Final Earnings for each year of service. The maximum benefit payable is 74% of Final Earnings.
<b>Vested Retirement Benefit</b>	The annual benefit shall be calculated the same as the Normal Retirement Benefit.
<b>Accidental Disability Benefit</b>	The annual benefit shall be 66-2/3% of Final Earnings. There is no service requirement for this benefit.
<b>Ordinary Disability Benefit</b>	The annual benefit shall be 50% of three-year average earnings. This benefit ends when the participant reaches their normal retirement date.
<b>Pre-Retirement Death Benefit</b>	The annual benefit shall be 30% of five-year final average earnings to the surviving spouse, plus 10% of five-year final average earnings to each minor child. The maximum benefit payable is 50% of five-year final average earnings.
<b>Cost of Living Adjustments</b>	For Firefighters retired prior to July 1, 2007, the benefits are indexed at 50% of the salary increase received by active Firefighters. For Firefighters retired on or after July 1, 2007 and before July 1, 2013, the benefits shall be indexed with 3% annual cost of living adjustments. For Firefighters retired on or after July 1, 2013, the benefits shall be indexed with 1.7% annual cost of living adjustments. Effective July 1, 2013, adjustments begin on the fifth anniversary of the benefit commencement. There is no adjustment for deferred vested or pre-retirement death benefits.
<b>Employee Contributions</b>	Firefighters shall contribute 4% of compensation. Firefighters hired on or after July 1, 2013 have no contribution requirement.
<b>Normal Form of Payment</b>	Benefits shall be paid as a 67.5% Joint and Survivor Benefit in accordance with Section 45-21.3-1 of the State of Rhode Island General Laws.

# Basis of Valuation

## Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

<b>Retiree Benefits – School Management</b>	
<b>Eligibility</b>	School Management employees hired prior to September 9, 2020 are eligible for full participation in this plan.
<b>Vesting Requirement</b>	Ten years of service.
<b>Normal Retirement Date</b>	The first day after attaining at least age 60 and the completion of 10 years of service.
<b>Early Retirement Date</b>	The first day after attaining at least age 55 and the completion of 20 years of service.
<b>Final Earnings</b>	The highest annual salary paid in the previous 36 months.
<b>Normal Retirement Benefit</b>	The annual benefit shall be 2.5% of Final Earnings for each year of service.
<b>Early Retirement Benefit</b>	The annual benefit shall be calculated the same as the Normal Retirement Benefit except that it shall be multiplied by a fraction where the numerator is service at the Early Retirement Date and the denominator is projected service at the Normal Retirement Date.
<b>Vested Retirement Benefit</b>	The annual benefit shall be calculated the same as the Normal Retirement Benefit.
<b>Ordinary Disability Benefit</b>	The annual benefit shall be calculated the same as the Early Retirement Benefit.
<b>Pre-Retirement Death Benefit</b>	The annual benefit shall be calculated the same as the Early Retirement Benefit and paid as a 100% contingent annuitant benefit without reduction.
<b>Cost of Living Adjustments</b>	For School Management employees who retire after age 60 with 20 years of service or after age 55 with 25 years of service, the benefits are indexed with 1.7% annual cost of living adjustments. There is no adjustment for deferred vested or pre-retirement death benefits.
<b>Employee Contributions</b>	School Management employees shall contribute 6% of compensation.
<b>Normal Form of Payment</b>	Benefits shall be paid as a single life annuity.



# Basis of Valuation

## Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

<b>Retiree Benefits – School Non-Management</b>	
<b>Eligibility</b>	School Non-Management employees hired prior to July 1, 2012 are eligible for full participation in this plan.
<b>Vesting Requirement</b>	Ten years of service.
<b>Normal Retirement Date</b>	The first day after attaining at least age 60 and the completion of 10 years of service.
<b>Early Retirement Date</b>	The first day after attaining at least age 55 and the completion of 20 years of service.
<b>Final Earnings</b>	The highest annual salary paid in the previous 36 months.
<b>Normal Retirement Benefit</b>	For service earned prior to October 1, 2013, the annual benefit shall be 2.5% of Final Earnings for each year of service. For service earned on or after October 1, 2013, the annual benefit shall be 1% of Final Earnings for each year of service.
<b>Early Retirement Benefit</b>	The annual benefit shall be calculated the same as the Normal Retirement Benefit except that it shall be multiplied by a fraction where the numerator is service at the Early Retirement Date and the denominator is projected service at the Normal Retirement Date.
<b>Vested Retirement Benefit</b>	The annual benefit shall be calculated the same as the Normal Retirement Benefit.
<b>Ordinary Disability Benefit</b>	The annual benefit shall be calculated the same as the Early Retirement Benefit.
<b>Pre-Retirement Death Benefit</b>	The annual benefit shall be calculated the same as the Early Retirement Benefit and paid as a 100% contingent annuitant benefit without reduction.
<b>Cost of Living Adjustments</b>	For School Non-Management employees who retire after age 55 with 20 years of service, the benefits are indexed with 1.7% annual cost of living adjustments beginning on the fifth anniversary of the benefit commencement. There is no adjustment for deferred vested or pre-retirement death benefits.
<b>Employee Contributions</b>	School Non-Management employees shall contribute 4% of compensation.
<b>Normal Form of Payment</b>	Benefits shall be paid as a single life annuity.

# Basis of Valuation

## Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

<b>Retiree Benefits – Town Management</b>	
<b>Eligibility</b>	Town Management employees hired prior to July 1, 2012 are eligible for full participation in this plan.
<b>Vesting Requirement</b>	Ten years of service.
<b>Normal Retirement Date</b>	The first day after attaining at least age 60 and the completion of 10 years of service.
<b>Early Retirement Date</b>	The first day after attaining at least age 55 and the completion of 25 years of service.
<b>Final Earnings</b>	The highest annual salary paid in the previous 36 months.
<b>Normal Retirement Benefit</b>	The annual benefit shall be 3% of Final Earnings for each year of service up to 20 years, plus 2% of Final Earnings for each year of service after 20 years. Service is closed to new management as of July 1, 2014. The maximum benefit payable is 74% of Final Earnings.
<b>Early Retirement Benefit</b>	The annual benefit shall be calculated the same as the Normal Retirement Benefit except that it shall be multiplied by a fraction where the numerator is service at the Early Retirement Date and the denominator is projected service at the Normal Retirement Date.
<b>Vested Retirement Benefit</b>	The annual benefit shall be calculated the same as the Normal Retirement Benefit.
<b>Ordinary Disability Benefit</b>	The annual benefit shall be calculated the same as the Early Retirement Benefit.
<b>Pre-Retirement Death Benefit</b>	The annual benefit shall be 30% of five-year final average earnings to the surviving spouse, plus 10% of five-year final average earnings to each minor child. The maximum benefit payable is 50% of five-year final average earnings.
<b>Cost of Living Adjustments</b>	For Town Management employees retired on or after July 1, 2002 who have attained age 60 with 20 years of service or age 55 with 25 years of service, the benefits shall be indexed with 2% annual cost of living adjustments. For Town Management employees retired on or after July 1, 2004 who have attained age 60 with 20 years of service or age 55 with 25 years of service, the benefits shall be indexed with 3% annual cost of living adjustments. For Town Management employees retired on or after July 1, 2013 who have attained age 60 with 20 years of service or age 55 with 25 years of service, the benefits shall be indexed with 1.7% annual cost of living adjustments. Effective July 1, 2013, adjustments begin on the fifth anniversary of the benefit commencement. There is no adjustment for deferred vested or pre-retirement death benefits.
<b>Employee Contributions</b>	Town Management employees hired prior to July 1, 2004 shall contribute 5% of compensation. Town Management employees hired on or after July 1, 2004 no longer make contributions.
<b>Normal Form of Payment</b>	Benefits shall be paid as a single life annuity.

# Basis of Valuation

## Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

<b>Retiree Benefits – Town Non-Management</b>	
<b>Eligibility</b>	Town Non-Management employees hired prior to July 1, 2012 are eligible for full participation in this plan.
<b>Vesting Requirement</b>	Ten years of service.
<b>Normal Retirement Date</b>	The first day after attaining at least age 60 and the completion of 10 years of service.
<b>Final Earnings</b>	The highest annual salary paid in the previous 36 months.
<b>Normal Retirement Benefit</b>	For service earned prior to July 1, 2013, the annual benefit shall be 2.5% of Final Earnings for each year of service. For service earned on or after July 1, 2013, the annual benefit shall be 1% of Final Earnings for each year of service. The maximum benefit payable is 67.5% of Final Earnings.
<b>Vested Retirement Benefit</b>	The annual benefit shall be calculated the same as the Normal Retirement Benefit.
<b>Ordinary Disability Benefit</b>	The annual benefit shall be calculated the same as the Early Retirement Benefit.
<b>Pre-Retirement Death Benefit</b>	The annual benefit shall be 30% of five-year final average earnings to the surviving spouse, plus 10% of five-year final average earnings to each minor child. The maximum benefit payable is 50% of five-year final average earnings.
<b>Cost of Living Adjustments</b>	For Town Non-Management employees retired on or after July 1, 2003 who have attained age 60 with 20 years of service, the benefits shall be indexed with 2% annual cost of living adjustments. For Town Non-Management employees retired on or after July 1, 2005 who have attained age 60 with 20 years of service, the benefits shall be indexed with CPI, but not less than 2% nor more than 3% annual cost of living adjustments. For Town Non-Management employees retired on or after July 1, 2013 who have attained age 60 with 20 years of service, the benefits shall be indexed with 1.7% annual cost of living adjustments. Effective July 1, 2013, adjustments begin on the fifth anniversary of the benefit commencement. There is no adjustment for deferred vested or pre-retirement death benefits.
<b>Employee Contributions</b>	Town Non-Management employees shall contribute 6% of compensation.
<b>Normal Form of Payment</b>	Benefits shall be paid as a single life annuity.

# Basis of Valuation

## Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

<b>Retiree Benefits – Public Works</b>	
<b>Eligibility</b>	Public Works employees hired prior to July 1, 2010 are eligible for full participation in this plan. Public Works employees hired on or after July 1, 2010 are only eligible for the disability retirement provisions listed below.
<b>Vesting Requirement</b>	Ten years of service.
<b>Normal Retirement Date</b>	The first day after attaining at least age 60 and the completion of 10 years of service.
<b>Early Retirement Date</b>	The first day after attaining at least age 55 and the completion of 20 years of service.
<b>Final Earnings</b>	The average of the annual salary paid over the final five years of employment.
<b>Normal Retirement Benefit</b>	The annual benefit shall be 2.5% of Final Earnings for each year of service. Service is frozen at the later of July 1, 2013 or when the employee attains ten years of service. The maximum benefit payable is 67.5% of Final Earnings.
<b>Early Retirement Benefit</b>	The annual benefit shall be calculated the same as the Normal Retirement Benefit except that it shall be multiplied by a fraction where the numerator is service at the Early Retirement Date and the denominator is projected service at the Normal Retirement Date.
<b>Vested Retirement Benefit</b>	The annual benefit shall be calculated the same as the Normal Retirement Benefit.
<b>Ordinary Disability Benefit</b>	The annual benefit shall be calculated the same as the Early Retirement Benefit.
<b>Pre-Retirement Death Benefit</b>	The annual benefit shall be 30% of five-year final average earnings to the surviving spouse, plus 10% of five-year final average earnings to each minor child. The maximum benefit payable is 50% of five-year final average earnings.
<b>Cost of Living Adjustments</b>	For Public Works employees retired prior to July 1, 2007, who have attained age 60 with 20 years of service, the benefits are indexed at 50% of the salary increase received by active employees. For Public Works employees retired on or after July 1, 2013, with 10 years of service, the benefits shall be indexed with 1.7% annual cost of living adjustments. Effective July 1, 2013, adjustments begin on the fifth anniversary of the benefit commencement. There is no adjustment for deferred vested or pre-retirement death benefits.
<b>Employee Contributions</b>	Public Works employees shall contribute 4% of compensation. Public Works employees hired on or after July 1, 2010 or those who are no longer earning service have no contribution requirement.
<b>Normal Form of Payment</b>	Benefits shall be paid as a single life annuity.

# Basis of Valuation

## Participant Summary

Census Date: June 30, 2022  
Age and service determined as of the census date.

Active Participants												
Age	Years of Service										Total	
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+		
< 25		3										3
25-29	1	17	3									21
30-34		4	9	3								16
35-39		4	4	5	2							15
40-44		2	1	2	4							9
45-49		2	2	4	7	2						17
50-54		1	4	7	11	2	1					26
55-59			1	4	5	1						11
60-64			2	4	3	3						12
65-69				1	1	1	1		1			5
70+												
<b>Total</b>	<b>1</b>	<b>33</b>	<b>26</b>	<b>30</b>	<b>33</b>	<b>9</b>	<b>2</b>		<b>1</b>			<b>135</b>

Average Active Participant Age: 44.4

Average Years of Service: 11.3

Inactive Participants						
Age	Retired	Disabled	Deferred	Survivor	QDRO	Total
< 50	5	3	1		2	11
50-54	10	5	5		2	22
55-59	13	2	5		4	24
60-64	24	4		3	4	35
65-69	30	1		2	2	35
70-74	35	1			1	37
75-79	22			1	1	24
80-84	14			2		16
85-89	7			2		9
90+				3		3
<b>Total</b>	<b>160</b>	<b>16</b>	<b>11</b>	<b>13</b>	<b>16</b>	<b>216</b>

Average Inactive Participant Age: 67.3

# Basis of Valuation

## Participant Summary Charts

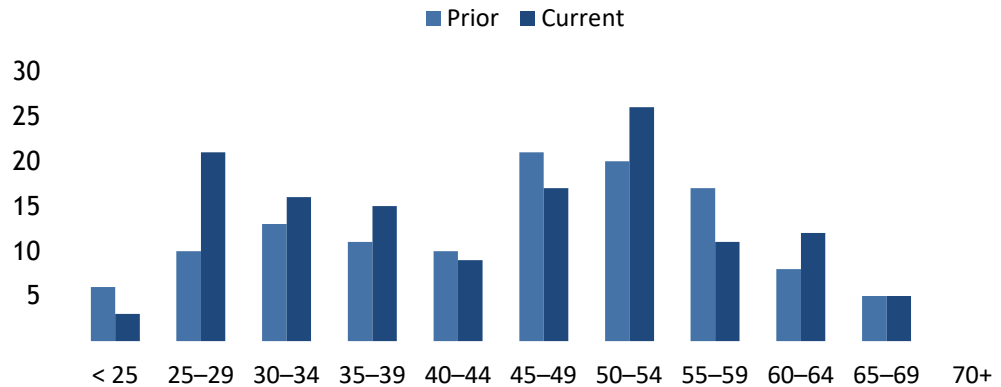
Census Date: June 30, 2022

Age and service determined as of the census date.

### Average Active Participant Age

Prior Report:	45.8
Current:	44.4
Change:	(1.4)
% Change:	-3.1%

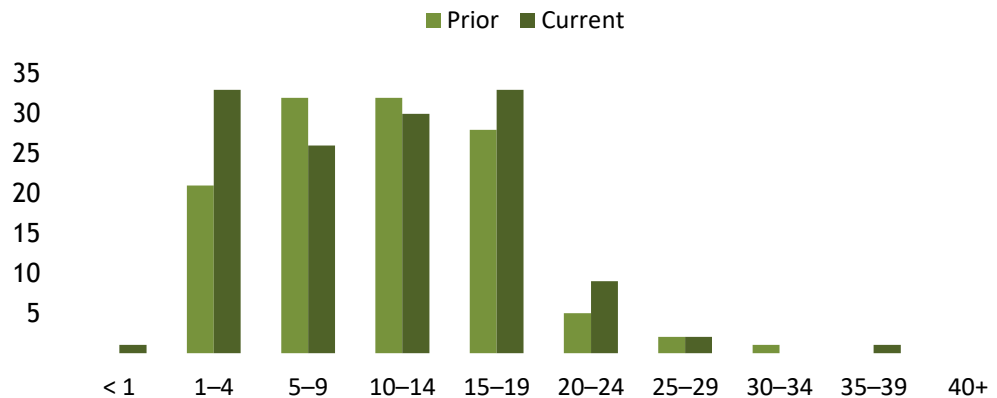
### Actives by Age Bracket



### Average Years of Service

Prior Report:	11.4
Current:	11.3
Change:	(0.1)
% Change:	-0.9%

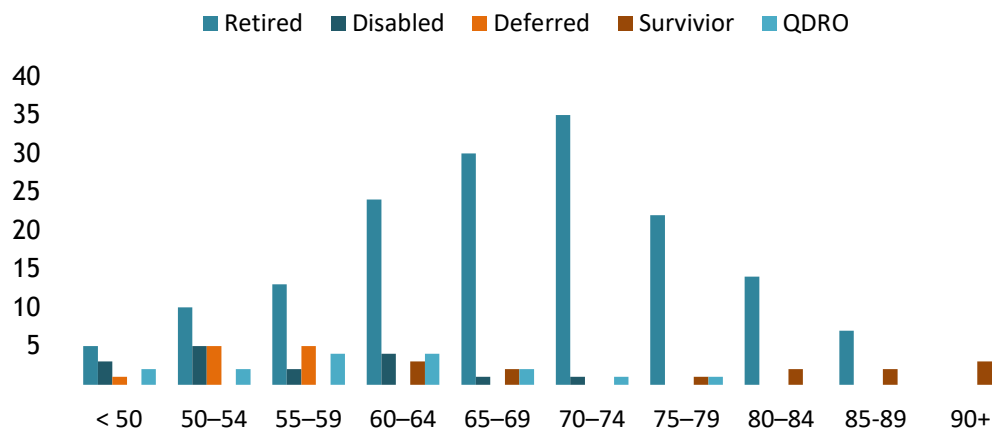
### Actives by Years of Service



### Average Inactive Participant Age

Prior Report:	67.1
Current:	67.3
Change:	0.2
% Change:	0.3%

### Inactives by Age Bracket



# Basis of Valuation

## Actuarial Assumptions

A summary of the actuarial assumptions used for this valuation follows. We considered the reasonableness of each assumption independently based on its own merits, consistent with each other assumption, and the combined impact of all assumptions.

<b>Assumption</b>	<b>Rates</b>
<b>Actuarial Cost Method</b>	Entry-Age Normal, Level Percentage of Salary
<b>Valuation Date</b>	June 30, 2022
<b>Measurement Date</b>	June 30, 2022
<b>Report Date</b>	June 30, 2022
<b>Discount Rate</b>	The discount rate selected is 6.75%. The discount rate is the long-term rate of return for the plan's assets, as our projections show that the assets will be sufficient to cover the projected benefit payments should the Plan continue to contribute to the plan with an amount of at least the ADC each year. Should the assets not be sufficient to cover the projected benefit payments at any time in the future, we would employ a discount rate reflecting the 20-year tax-exempt municipal bond yield or index rate to the period after which we project assets to run out. We would then use a single, blended discount rate equivalent to the long-term rate of return and the 20-year tax-exempt municipal bond yield. If there are no assets, we would use only the 20-year tax-exempt municipal bond yield for the valuation.
<b>Healthy Mortality</b>	SOA Pub-2010 healthy mortality tables (General, Safety, Teachers) projected with mortality improvement scale MP-21.
<b>Disabled Mortality</b>	SOA Pub-2010 disabled retirees mortality tables (General, Safety, Teachers) projected with mortality improvement scale MP-21.
<b>Termination Rates</b>	See appendix. Also known as "turnover".
<b>Disability</b>	See appendix.
<b>Retirement</b>	See appendix.
<b>Cost of Living</b>	2.00%, used as a building block for expected asset returns.
<b>Salary Increases</b>	2.50%, used to project future salaries and benefit increases for those whose annual cost of living increases are based on the salary increase of current employees.

This section includes a brief summary of GASB 68, as well as definitions of some of the key terminology used in this report.

### **About GASB 68**

*In General.* In June 2012 the Governmental Accounting Standards Board released GASB 68, “Accounting and Financial Reporting for Pensions”. GASB 68 amended GASB 27 for fiscal years beginning after June 15, 2014, for employers that sponsor pension plans.

*Accounting.* GASB 68 requires a liability known as the Net Pension Liability (NPL). The employer recognizes the NPL on its balance sheet. The employer also recognizes a pension expense in the income statement. GASB 27 recorded the Unfunded Accrued Actuarial Liability (UAAL) in the notes to the financial statement, whereas GASB 68 records the NPL, which is analogous to the UAAL, on the balance sheet.

*Financial Statement Impact (Employers).* One of the biggest changes to the financial statements of governmental employers that provide pensions is the reporting of the pension liability on the face of the statements rather than in the footnotes. Governments that do not provide pensions through a trust are required to recognize the entire pension liability in the financial statements. For governments that provide pensions through a pension plan that is administered through a trust, the government’s pension liability is recognized net of the amount of the pension plan’s fiduciary net position.

*Changes to the Measurement of the Total Pension Liability.* Measurement of the Pension liability includes discounting future benefit payments for current and former employees and their beneficiaries to their present value and allocating the present value over past and future periods of the employee service (total Pension liability), less the amount of the Pension plan’s fiduciary net position. The calculation continues to include employee-related events, such as projected salary increases and projected years of service, if they affect the amount of Pension payments employees will receive, as well as provisions for automatic cost-of-living adjustments (COLAs) and other automatic benefits. Additionally, ad hoc COLAs and other ad hoc benefit changes, which are made at the discretion of the government, are included in projections as well, if they routinely recur.

GASB 68 requires governments to discount projected pension payments to their present value. Under the new standard, governments discount the projected pension payments to be made in each year and the amount of plan assets (if a government administers the pension through a trust) available for providing those benefits to current active and inactive employees and their beneficiaries. The discount rate used depends on whether the plan assets are projected to be sufficient to make future payments. If the plan assets are sufficient, governments discount future payments using the long-term expected rate of return. If projected plan assets are insufficient to make all future payments to current and inactive employees and their beneficiaries, or if there are no plan assets held in trust, the discount rate is based on a high-quality 20-year tax-exempt general obligation municipal bond yield or index rate. “High-quality” is defined as being rated AA or higher (or an equivalent rating).

*Cost Method.* The Entry Age Normal Cost method must be used.



### About GASB 68 (continued)

Factors that affect a government's pension liability, such as actual earnings on plan investments when the pension plan is administered as a trust, employee compensation changes, interest on the outstanding pension liability, contributions from employees and employers, and actual demographic and economic changes that are not in line with assumptions made in the actuarial calculations, are considered when determining the government's pension expense. A government's annual pension expense is calculated with consideration for factors affecting the pension liability within the reporting period. Several causes of changes in pension liability are immediately factored into the calculation of the pension expense for the period, such as benefits earned each year, interest on the total pension liability, changes in benefit terms, and projected earnings on plan investments, if administered through a trust.

Governments are required to recognize deferred outflows of resources or deferred inflows of resources and then introduce into the expense calculation, systematically and rationally over the average remaining years of employment (active employees and inactive employees, including retirees), the effect on the total pension liability of differences between assumptions and actual experience.

### Key Terminology

<b>Actuarially Determined Contribution</b>	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
<b>Actuarial Present Value of Projected Benefit Payments</b>	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
<b>Agent Employer</b>	An employer whose employees are provided with a pension through an agent multiple-employer pension plan.
<b>Closed Period</b>	A specific number of years that is counted from one date, which declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth until no years remain.
<b>Contributions</b>	Additions to a pension plan's fiduciary net position for amounts from employers, non-employer contributing entities, or employees.
<b>Dates and Periods</b>	
• <b>Census Date</b>	The date of the census. It is usually the same as the <b>Valuation Date</b> .
• <b>Measurement Date</b>	The date on which assets are measured. The liabilities are rolled forward to this date from the <b>Valuation Date</b> , should it differ, using actuarial roll-forward techniques.
• <b>Measurement Period</b>	The year ending on the <b>Measurement Date</b> .
• <b>Report Date</b>	The date on which the amounts are reported in the financial statements. It is the same as the fiscal year-end. It may be up to one year ahead of the <b>Measurement Date</b> , with no roll-forward of liabilities or assets required.
• <b>Reporting Period</b>	The year ending on the <b>Report Date</b> . It is the same as the fiscal year.
• <b>Valuation Date</b>	The date on which the liabilities are valued.
<b>Deferred Inflows and Outflows of Resources</b>	The portion of the changes in the <b>Net Pension Liability</b> that are not recognized in the current pension expense and are recognized in later periods. The changes deferred include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on pension plan investments.

### Key Terminology (continued)

<b>Discount Rate</b>	<p>The single rate of return that reflects the following:</p> <ul style="list-style-type: none"> <li>a. The long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and (2) pension plan assets are expected to be invested using a strategy to achieve that return.</li> <li>b. A 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 scale), to the extent that the conditions in (a) are not met.</li> </ul>
<b>Fiduciary Net Position</b>	The market value of assets as of the <b>Measurement Date</b> .
<b>Long-Term Expected Rate of Return</b>	The long-term expected rate of return on the investments set aside to fund the payment of pension benefit payments.
<b>Net Pension Liability</b>	The <b>Total Pension Liability</b> minus the <b>Fiduciary Net Position</b> .
<b>Normal Cost</b>	See <b>Service Cost</b> .
<b>Projected Benefit Payments</b>	All benefits estimated to be payable through pension plan to current active and inactive employees as a result of their past service and their expected future service.
<b>Service Cost</b>	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years. Also called <b>Normal Cost</b> .
<b>Substantive Plan</b>	The plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees.
<b>Total Pension Liability</b>	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined-benefit pension plan that is administered through a trust that meets the criteria of GASB 68.

# Appendix

## Termination Rates

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Fire/Police		
Age	Male	Female
20	9.87%	14.87%
25	6.87%	9.87%
30	4.87%	6.87%
35	3.87%	4.87%
40	2.66%	3.65%
45	1.50%	2.50%
50	0.16%	1.16%
55	0.00%	0.00%
60	0.00%	0.00%

School/Public Works/Town Hall		
Age	Male	Female
20	9.92%	14.92%
25	6.92%	9.92%
30	4.92%	6.92%
35	3.92%	4.92%
40	2.78%	3.78%
45	1.69%	2.69%
50	0.47%	1.47%
55	0.08%	0.80%
60	0.00%	0.00%

# Appendix

## Retirement Rates

Age	School	Public Works	Town Management	Town Non-Management
55	2%	5%	5%	0%
56	2%	5%	5%	0%
57	2%	5%	5%	0%
58	2%	5%	5%	0%
59	2%	5%	5%	0%
60	30%	10%	10%	10%
61	5%	10%	10%	10%
62	35%	15%	15%	15%
63	35%	15%	15%	15%
64	10%	15%	15%	15%
65	10%	50%	50%	50%
66	10%	50%	50%	50%
67	10%	100%	100%	100%
68	30%	100%	100%	100%
69	30%	100%	100%	100%
70	100%	100%	100%	100%

Service	Police	Fire
20	80%	80%
21	15%	10%
22	5%	10%
23	5%	10%
24	5%	10%
25	50%	10%
26	50%	10%
27	50%	30%
28	50%	30%
29	50%	30%
30	100%	100%

# Appendix

## Disability Rates

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Fire/Police		
Age	Male	Female
20	0.13%	0.08%
25	0.19%	0.13%
30	0.27%	0.22%
35	0.38%	0.34%
40	0.52%	0.40%
45	0.71%	0.66%
50	1.02%	1.00%
55	1.72%	1.59%
60	2.58%	1.85%

School/Public Works/Town Hall		
Age	Male	Female
20	0.02%	0.02%
25	0.03%	0.04%
30	0.04%	0.06%
35	0.05%	0.10%
40	0.09%	0.16%
45	0.15%	0.24%
50	0.27%	0.40%
55	0.54%	0.71%
60	0.94%	0.87%