

Town of Lunenburg

Finance Committee:

Terri Burchfield, Chairman
Mark Erickson, Vice-Chairman
Jay Simeone, Secretary
John Henshaw
Hannah Anderson
George Martin



17 Main Street, P.O. Box 135
Lunenburg, MA 01462-0135
978.582.4139
FAX 978.582.4148

Lunenburg Finance Committee Minutes 10-17-2017

Location: Town Hall
Present: Terri Burchfield, Mark Erickson, John Henshaw, Hannah Anderson, George Martin
Absent: Jay Simeone
Guest:

A large, stylized handwritten signature, likely of George Martin, is written over the "Guest:" line and extends into the margin.

1. The Chair called the meeting to order at 7:22 pm. Joint meeting with the Board of Selectmen. Meeting is televised, recorded and broadcast of Lunenburg Public Access channel.

<https://www.youtube.com/watch?v=4WaQLwSnZmQ>

2. Presentation by Parker Elmore on GASB 75 and Other Post Employment Benefits (OPEB).

GASB75 mirrors what we see on the pension side. GASB75 use accrual base accounting method. The Rating companies are more focused on the OPEB debt numbers. People are living longer which has an effect on the OPEB figures. The Town had a small increase in retirees, 226 to 240. Liability depends on number of retirees and the age they retire and how long they live. The longer they live, the higher the liability.

The Town just added \$100K to the OPEB budget.

There were changes in assumptions because people are living longer. Normal cost of the plan about \$400 per person. Slightly higher than State average. Unfunded liability as percentage of payroll is at about \$250 vs the State average of \$180. Benefit payments per retiree is average. Two key elements that drive the Town's OPEB cost are: 15 covered people over age 65 that are not in a Medicare plan. The Town reimburses a share of Medicare part B for retirees. Most towns don't offer this.

Normal cost of benefits per employee: \$4400 per employee per year. The Town side is average, School side is a little less. Public Safety cost is higher. They usually have a shorter career, retire earlier and use benefits longer.

Liability went from \$41M to \$48M due to change in interest rate. A discount rate is calculated on how OPEB is funded. Because the Town doesn't fund much, the 20 year Municipal bond index rate is used. 4% vs the previous 3.25%. As the interest rate changes, as the numbers change. The Financial Institutions are aware of this.

Expense numbers are about the same, just calculated in a different way. Employer share cost: \$1.179M to \$1.244M.

Cadillac tax was supposed to take effect in 2018, pushed out to 2020.

3. Adjournment: JH made a motion to adjourn. HA seconded the motion. The committee approved the motion 5-0 at 7:41 pm