

February 14, 2018

Personal and Confidential

Ms. Barbara Michalowski
Town Treasurer
Town of Topsfield
8 West Common Street
Topsfield, MA 01983

Re: GASB 74 and 75 – Summary of Results

Dear Ms. Michalowski:

The purpose of this letter is to summarize our actuarial valuation of the Town of Topsfield Other Postemployment Benefits Plan (the “Plan”) for the Reporting Date and fiscal year ending June 30, 2018 with a Valuation Date of June 30, 2017 and a Measurement Date of June 30, 2017 in accordance with Statement Nos. 74 and 75 of the Governmental Accounting Standards Board (“GASB 74/75”).


What caused plan liabilities to change from FY 16 to FY 18?

Plan experience was in line with expectation - for the year ending on the Measurement Date of June 30, 2017, the Plan saw an experience gain of \$665,069 or 4.73%. This was mainly due to a large number of actives who terminated employment. This was mostly offset by premiums for Medicare integrated plans increasing more than the expected 5% increase. The actuarial experience gain is amortized into the net OPEB expense over time until fully recognized.

Over the two year period, the Total OPEB Liability (“TOL”) went from \$18,349,471 as of June 30, 2015 to \$14,629,703 as of June 30, 2017 for a decrease of \$3,719,768. The Net OPEB Expense was \$593,566 for the fiscal year June 30, 2018. As this is the first year using GASB 75 methodology, there is no baseline for comparison. For a 30-year projection of future costs and liabilities refer to Exhibit C of our GASB 75 report.

If you or your auditors have questions on this report, feel free to give us a call.

Sincerely,



Parker E. Elmore, ASA, EA, FCA, MAAA
President, CEO & Actuary