



August 26, 2024

Mr. Ken Folsom
Town of Canterbury
PO Box 500
Canterbury, NH 03224

Dear Ken:

KMS Actuarial, LLC (“KMS”) is pleased to provide this proposal letter detailing our services and fees for completing actuarial valuations and disclosures and providing related consulting in accordance with Governmental Accounting Standards Board Statement Number 75 (“GASB 75”) for the Town of Canterbury’s postemployment benefits other than pensions, commonly referred to as OPEB. This letter outlines the scope of services to be performed by KMS, the timing associated with delivery of our services and the associated fees.

BACKGROUND

In June 2015, the GASB approved two related Statements that significantly changed the way OPEB plans and governments account and report OPEB liabilities. Effective for OPEB plans with fiscal years beginning after June 15, 2016, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaced the requirements of Statement No. 43 and effective for employers with fiscal years beginning after June 15, 2017, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaced the requirements of Statement No. 45. For the Town of Canterbury, GASB 74 does not apply as there is no OPEB trust; GASB 75 is effective for the fiscal year beginning July 1, 2017. The Town of Canterbury is implementing GASB 75 effective with the fiscal year beginning January 1, 2024. Our proposal addresses the services that will be required under this standard.

SCOPE OF SERVICES

Under the GASB 75 standard, full valuations are required every other year. For the interim years, we will use the census data and related information from the most recent full valuation, develop liabilities using the discount rate computed as of the measurement date and roll-forward the results to the measurement date. We propose the following schedule of valuations:

<u>Valuation Date</u>	<u>Disclosures</u>	<u>Valuation Type</u>
January 1, 2024	December 31, 2024	Full valuation
January 1, 2024	December 31, 2025	Roll forward
January 1, 2026	December 31, 2026	Full valuation
January 1, 2026	December 31, 2027	Roll forward

Exhibit A, Scope of Services, provides a summary of our services and overall approach in completing the requested services.

Exhibit B, Valuation Data Request, provides the details of the data and information that is needed for us to complete the actuarial valuations and corresponding reports.

FEES

Our fees for completing the actuarial valuations and related valuation reports are as follows:

- January 1, 2024 Full Valuation - \$3,500
- January 1, 2024 Roll Forward Valuation - \$1,500
- January 1, 2026 Full Valuation - \$3,500
- January 1, 2026 Roll Forward Valuation - \$1,500

Our fees have been developed on the condition of receipt of employee and retiree data in the data template provided by KMS and that is complete and consistent with the data requirements set forth in Exhibit B, Valuation Data Request.

The fees include all clerical, printing, administrative and overhead costs required to perform the services. KMS will provide an electronic copy of the actuarial valuation reports. Any printed and copied reports will be provided at the Town's expense. We ask that the Town remit payment within thirty days of receipt of our invoice. A late charge of 1% per month will accrue on unpaid balances after 45 days.

It may be necessary to adjust our fees if significant time and effort is required to collect usable employee and retiree data from the Town that is needed for the performance of our work or if revisions are needed to the draft or completed actuarial valuation report as a result of inaccurate or incomplete data submitted by the Town. We will promptly notify you if such a situation develops.

The fee set forth above does not cover specialized consulting services outside the scope of this proposal letter. If such additional services are necessary, they will be billed on a fee-for-service basis at the following hourly rates, unless an alternate agreement is developed in advance:

- Consulting Actuaries – \$375 to \$450
- Associate Actuaries – \$275 to \$350
- Actuarial Analysts – \$175 to \$250
- Other technical and administrative – \$95 to \$175

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Work that would be considered outside the scope of this proposal letter includes special consulting work related to any potential plan design changes or preparation for and attendance at meetings with Boards or other interested parties.

TIMING

We are generally able to provide our certified actuarial valuation report approximately six weeks after receipt of all necessary information and data, but we will work with you to develop a schedule based on your timing requirements.

KMS ACTUARIES

KMS has provided actuarial consulting services to many cities, towns, regional school districts, counties and enterprise units. A listing of government entities to which KMS has provided these services is included in Exhibit C, Retiree Medical Actuarial Consulting Experience.

Linda Bournival, Consulting Actuary and owner of KMS Actuaries, LLC, is a credentialed actuary with over 30 years of consulting experience working with a wide range of retirement plan and retiree medical issues. She has extensive experience in providing consulting and actuarial services for pension plans and postemployment benefit programs for public sector entities.

Amanda Makarevich joined KMS in 2017. She has worked with governmental entities and private sector clients providing a wide range of actuarial services for a variety of plan types. Her experience includes the preparation of valuations for funding purposes, GASB and FASB accounting disclosures and financial reporting, and projections for funding and plan termination purposes.

IN CONCLUSION

We look forward to providing these services and consulting to the Town of Canterbury. Do not hesitate to call me if you or anyone else reviewing this proposal letter has any questions or need additional information.

Sincerely,



Amanda Makarevich, FSA
Consulting Actuary

EXHIBIT A

SCOPE OF SERVICES TOWN OF CANTERBURY

- **Hold initial teleconference** to discuss project specifics, data requirements, deliverables, timeline, objectives, etc.

During our initial telephone conference, we will go over the data requirements in detail and answer any questions regarding the data requirements.

- **Collect member data**, premiums, plan benefits and asset information for each Full Valuation.

For preparation of a Full Valuation, we require employee and retiree census data, premium information and any other relevant information as outlined in Exhibit B, Valuation Data Request.

- **Collect member counts**, covered payroll and other required information for each Roll Forward valuation.
- **Verify the accuracy of the data submitted** and make recommendations to enhance the quality of the data.

We perform edits on the data to ensure that it is reasonable and complete. Examples of data that are screened and flagged as invalid or questionable are employees hired prior to age 14, missing birth dates and gender codes and missing health plan indicators. We will bring to your attention any invalid or missing employee and retiree data for correction. If data are missing and cannot be corrected in a timely manner, and the missing data are not material, we will make certain assumptions regarding the missing data so that results will not be materially affected. We will determine if the data appear reasonable and consistent for purposes of the assignment, however we will not audit the data. Upon review of the data, we will make a judgment whether the data are of sufficient quality to perform the analysis. If the data require enhancements before the analysis can be performed, we will make adjustments that allow us to perform our work or, alternatively, we will ask that corrected data be provided that can be used.

- **Review current assumptions** and select demographic and economic assumptions for the valuation.
- **Develop per capita claims costs by age.** We will analyze premium information for retired members to develop per capita medical claim costs by age that reflect the implicit rate subsidies utilized in the actuarial calculations.

EXHIBIT A

SCOPE OF SERVICES TOWN OF CANTERBURY

- **Develop required actuarial liabilities and calculations** as follows:

<u>Valuation Date</u>	<u>Disclosures</u>	<u>Comments</u>
January 1, 2024	December 31, 2024 under GASB 75	Full valuation
January 1, 2024	December 31, 2025 under GASB 75	Roll forward
January 1, 2026	December 31, 2026 under GASB 75	Full valuation
January 1, 2026	December 31, 2027 under GASB 75	Roll forward

- **Prepare and deliver an Actuarial Valuation Report** containing the information required under GASB 75.

Our report will identify the methods, procedures, assumptions and data used in the actuarial valuation. In addition, our report will contain a glossary of terms and will be in language clearly understood by lay readers.

Specifically, our actuarial report will contain the following:

- Table of Contents
- Actuarial Certification
- Principal Valuation Results
- Actuarial accrued liability
- Normal cost
- GASB 75 required disclosures
- Summary of Principal Plan Provisions
- Methods and Assumptions
- Demographic information
- Glossary of Terms essential to an understanding of actuarial valuations

EXHIBIT B

Town of Canterbury

GASB 75 Disclosures as of December 31, 2024

Valuation Data Request

In order to perform the GASB 75 valuation, we request certain information relating to the full valuation of the Town of Canterbury's Other Postemployment Benefits Program.

- ◆ Please check the box if the information shown in each section is correct and there are no changes.
- ◆ Please enter the information in the shaded gray boxes where requested.
- ◆ Please review and verify all information shown.

Prepared by:

Date submitted to KMS:

<input checked="" type="checkbox"/> if NO CHANGE <input type="checkbox"/> Report Addressed to: Contact Title Address1 Address2 Address3	Valuation Report as of December 31, 2023 <hr/> Mr. Ken Folsom Town Administrator PO Box 500 Canterbury, NH 03224	Changes for December 31, 2024 <table border="1" style="width: 100%; border-collapse: collapse;"> <tr style="background-color: #e0e0e0;"><td style="height: 20px;"></td></tr> <tr style="background-color: #e0e0e0;"><td style="height: 20px;"></td></tr> <tr style="background-color: #e0e0e0;"><td style="height: 20px;"></td></tr> <tr style="background-color: #e0e0e0;"><td style="height: 20px;"></td></tr> <tr style="background-color: #e0e0e0;"><td style="height: 20px;"></td></tr> </table>					

Demographic Data

- ◆ Demographic information is required - See Active Employees' and Retired Employees' Data Files below for a detailed data layout and format instructions for preparing the data files.
- ◆ INCLUDE Active Employees who are potentially eligible for OPEB and actively employed as of December 31, 2024.
- ◆ DO NOT INCLUDE employees hired after December 31, 2024.
- ◆ INCLUDE Retirees (and survivors of deceased retirees) who are covered under one or more OPEB as of December 31, 2024.
- ◆ Covered Payroll is total compensation paid during the period January 1, 2024 through December 31, 2024 to Active employees potentially eligible for OPEB employed on December 31, 2024.

	Valuation Report as of December 31, 2023	Counts and Covered Payroll Included in Data Files on December 31, 2024
Active Employees	0	
Covered Payroll	\$0	
Retirees and Survivors*	0	
Covered Spouses	0	

*Count should include all retirees and survivors with active (non-Medicare) coverage as well as those with Medicare supplemental coverage that the Town pays a portion of the premium for (if applicable).

EXHIBIT B

Town of Canterbury

GASB 75 Disclosures as of December 31, 2024

Valuation Data Request

Miscellaneous

Audited Financial Statements

- ◆ Please provide Audited Financial Statements as of December 31, 2023
- ◆ Please provide name and contact information of external audit firm and auditor.

SAMPLE

EXHIBIT B

Town of Canterbury

GASB 75 Disclosures as of December 31, 2024

Valuation Data Request

Plans and Premiums

Rates for medical insurance are required for each plan offered to retirees.

- ◆ Please provide the rate sheet from your insurance carrier with the most recent monthly rates for each plan available to retirees .

Non-Medicare plan premiums effective 1/1/2024 or later, if available

- ◆ Please review the plans listed below, and indicate if there are any changes in the plans offered to retirees.

Non-Medicare (Active) Plans

Plan is still offered and NO CHANGES

Plan 1

Plan 2

Enter additional Plans offered to retirees below, if applicable:

Retiree Contributions

NO CHANGES

Enter retiree contribution rates below, if applicable:

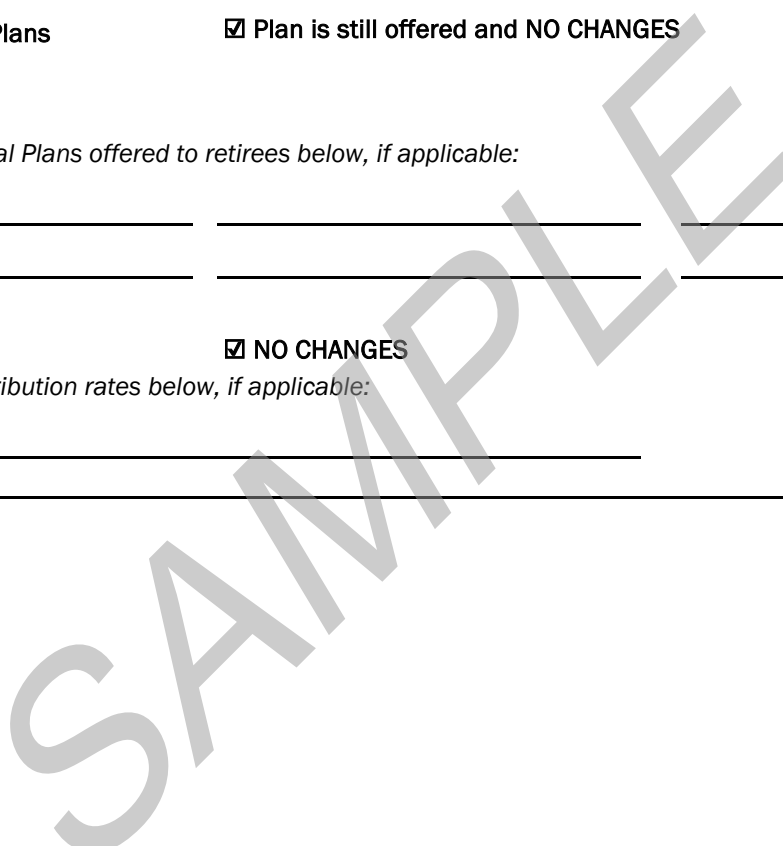


EXHIBIT B

Town of Canterbury

GASB 75 Disclosures as of December 31, 2024

Valuation Data Request

Active Employees' Data File

- ◆ Create an Excel file and enter one record per employee.
- ◆ INCLUDE Active Employees who are potentially eligible for OPEB and actively employed as of December 31, 2024.
- ◆ DO NOT INCLUDE employees hired after December 31, 2024.

	Data Element	Description	Format
A	Social Security Number	Unique identifier	Numeric ONLY
B	Name	Employee name	Last name, first
C	Unit	1 = Town	Used for breakout of results
D	NHRS Group Code	Retirement System Code: 1 = General Employees 2 = Public Safety - Police 3 = Public Safety - Fire	Numeric 1, 2, or 3
E	NHRS Teacher Code	Y = NHRS Teacher N = NHRS Non-Teacher	Alpha Y or N
F	Gender	M = Male, F = Female	Alpha, M or F
G	Birth Date	Employee Birth Date	mm/dd/yyyy
H	Hire Date	Employee Hire Date	mm/dd/yyyy
I	Medical Plan	See Plan Names from Plans and Premiums above	
J	Medical Type	None Individual Family	
K	Covered Payroll	Covered Payroll is total compensation paid during the period January 1, 2024 through December 31, 2024 to Active employees potentially eligible for OPEB employed on December 31, 2024.	Dollars

EXHIBIT B
Town of Canterbury
 GASB 75 Disclosures as of December 31, 2024
 Valuation Data Request

Retired Employees' Data File

- ◆ Include all retired employees covered under an active (non-Medicare) medical plan. Only include retired employees on Medicare supplemental plans if the Town pays any portion of the premium for those plans.

Retirees, Survivors, and Covered Spouses of Retirees on Non-Medicare Plans or Medicare Supplemental Plans where the Town Pays a Portion of the Premium:

- ◆ Create an Excel file and enter one record per Retiree (Status Code = 2), Disabled Retiree (Status Code = 4) or Survivor (Status Code = 3).
- ◆ Gender and birth date for survivors should be entered in columns F and G.
- ◆ Survivor coverage information should be entered in column J.
- ◆ Information for covered spouses of current retirees should be entered on the same record as the retiree's information.
- ◆ Birth date and gender for covered spouses should be entered in columns L and M of the retiree's record.
- ◆ Coverage information for covered spouses should be entered in column K.

Covered Spouses on Non-Medicare Plans of Retirees on Medicare Supplemental Plans where the Retiree Pays 100% of the Premium:

- ◆ Use status code 5 for all covered spouses that fall into this category. Do NOT use status code 5 if the retiree has non-Medicare coverage or pays less than 100% of the premium for a Medicare supplemental plan.
- ◆ Gender and birth date for these covered spouses should be entered in columns F and G.
- ◆ Coverage information for these covered spouses should be entered in column J.

Data Element	Description	Format	
A	Social Security Number	Unique identifier	Numeric ONLY
B	Name	Retiree name	Last name, first
C	Unit	1 = Town	Used for breakout of results
D	NHRS Group Code	Retirement System Code: 1 = General Employees 2 = Public Safety - Police 3 = Public Safety - Fire	Numeric 1, 2, or 3
E	NHRS Teacher Code	Y = NHRS Teacher N = NHRS Non-Teacher	Alpha Y or N
F	Gender	Retiree or Survivor Gender M = Male, F = Female	Alpha, M or F
G	Birth Date	Retiree or Survivor Birth Date	mm/dd/yyyy
H	Retirement Date	Retirement Date	mm/dd/yyyy
I	Status Code	2 = Retired (non-disabled) 3 = Survivor of Deceased Retiree 4 = Disabled Retiree 5 = Covered Spouse of Retiree on Medicare Plan	Numeric ONLY

EXHIBIT B

Town of Canterbury

GASB 75 Disclosures as of December 31, 2024

Valuation Data Request

Retired Employees' Data File, continued

Data Element	Description	Format
J	Medical Plan - Retiree or Survivor	See Plan Names from Plans and Premiums above
K	Medical Plan - Spouse	Same list as Medical Plan - Retiree or Survivor
L	Covered Spouse Birth Date	Covered Spouse Birth Date [required if spouse covered under Retiree's Medical Plan]
M	Covered Spouse Gender	Covered Spouse Gender M = Male F = Female [required if spouse covered under Retiree's Medical Plan]
N	Retiree or Survivor Premium Contribution Rate	PERCENT of total premium contributed by Retiree or Survivor
O	Covered Spouse Premium Contribution Rate	PERCENT of total premium contributed by Covered Spouse
P	Medicare Eligibility Code	1 = Currently covered under Medicare 2 = Will be covered under Medicare at age 65 3 = Will never be eligible for Medicare 4 = Will be covered under Medicare once dependents age off

EXHIBIT C

RETIREE MEDICAL ACTUARIAL CONSULTING EXPERIENCE

KMS has provided retiree medical actuarial consulting services to the following:

- Andover, MA
- Androscoggin Valley Regional Refuse Disposal District
- Ashburnham, MA
- Ashburnham Municipal Light, MA
- Assabet Valley Collaborative
- Becket, MA
- Bedford, MA
- Berkshire Hills Regional School District
- Berlin, NH
- Berlin-Boylston Regional School District
- Beverly, MA
- Blackstone, MA
- Boylston, MA
- Boylston Municipal Light, MA
- Byfield Water District, MA
- Cape Cod Collaborative
- Charlton, MA
- Clinton, MA
- Cohasset, MA
- Coos County, NH
- Dracut, MA
- Dukes County Pooled OPEB Trust
- Epping, NH
- Fremont, NH
- Georgetown Municipal Light Department
- Government of Guam
- Grantham, NH
- Great Barrington, MA
- Greater Lawrence Technical School
- Hampton, NH
- Hanover, NH
- Hartford, VT School District
- Harvard, MA
- Health Trust and NHMA
- Hillsborough County, NH
- Hingham, MA
- Hollis, NH
- Hoosac Valley Regional School District
- Jaffrey, NH
- Keene, NH
- Kingston, MA
- Lanesborough, MA
- Littleton, MA
- Littleton Electric Light Dept.
- Loudon, NH
- Lynnfield Center Water District
- Lynnfield Water District
- Manchester, NH
- Manchester, NH Police Relief Association
- Manchester, NH School District
- Metro North Regional Emergency Communications Center
- Massachusetts Bricklayers
- Middlebury, VT
- Milford, NH
- Mount Greylock Regional School District
- New Ipswich, NH
- New London, NH
- North Reading, MA
- Oxford, MA
- Plymouth, MA
- Prince George's Community College, MD
- Rivendell Interstate School District
- Rockingham County, NH
- Salem, NH
- Salem-Beverly Water Supply
- S.A.U. #21, Hampton NH
- S.A.U. #33, Raymond, NH
- S.A.U. #41, Hollis, NH
- S.A.U. #53, Pembroke, NH
- S.A.U. #84, Littleton NH
- Shirley, MA
- Southborough, MA
- Southern Berkshire Regional School District
- Sudbury Water District
- Sullivan County, NH
- Taunton Municipal Lighting Plant
- Triton Regional School District
- University of Maine System
- Upton, MA
- Uxbridge, MA
- Wachusett Regional School District
- Weston, MA
- West Newbury, MA
- West Stockbridge, MA
- Williamstown, MA
- Windham, NH School District
- Wood's Hole Steamship Authority
- Woodsville Fire District
- Worcester, MA
- Wrentham, MA