

Town of North Attleborough OPEB Funding Policy

I. BACKGROUND AND PURPOSE

The Government Finance Officers Association (GFOA) recommends that governments prefund their obligations for post-employment benefits other than pensions (OPEB) once they have determined that the employer has incurred a substantial long-term liability. In most cases, employers can make long-term investments to cover these obligations through a separate trust fund that should, over time, result in a lower total cost for providing post-employment benefits.

The Town of North Attleborough adopted M.G.L., c. 32B § 20 (June 6, 2011 Special Town Meeting, Article 11) and subsequently established an OPEB liability trust fund.

II. POLICY STATEMENT

The purpose of this policy is to establish guidelines for the management of the impact of the Town's Other Post-Employment Benefits (OPEB) liability on the overall budget and credit rating, within the context of the Town's long-term obligations to its retirees. The Other Post-Employment Benefits (OPEB) Liability Trust Fund was established with the acceptance of Chapter 32B, Section 20, of the Massachusetts General Laws and is segregated to address the Town's actuarial liability. The custodian of the OPEB Trust Fund is the Town Treasurer/Collector, under the general direction of the Town Manager. The Town's OPEB trust fund is currently managed by Bartholomew & Company, Inc. with the purpose of investing funds that are designated to address the Town's OPEB liability. Transfers into, and withdrawals from, the OPEB Trust Fund require a two-thirds vote by the Town Council, upon recommendation by the Town Manager.

a. **FUNDING SOURCES.** The OPEB Trust Fund shall be supported by transfers from multiple funding sources, potentially including taxation, enterprise fund retained earnings and/or "free cash."

i. At minimum, the Town will seek to appropriate \$500,000 (beginning in FY2022) as a transfer in the operating budget submitted annually by the Town Manager as a part of the annual budget.

ii. Additionally, the Town Council may contribute a portion of the certified General Fund "free cash" as needed and deposit into the OPEB Trust Fund on an annual basis.

iii. In addition, funding will be designated from the individual enterprise funds to offset the enterprise funds' overall share of assigned liabilities as determined by the most recent bi-annual actuarial study. All interest proceeds generated by the accumulated deposits shall accrue to the Trust Fund.

iv. When the Town of North Attleborough fully funds its pension liability, the surplus funding available will be directed toward OPEB in its entirety. The appropriation will not result in a reduction in the Town's other funding commitments.

III. Current OPEB Liability Trust Fund Balances

As of March 31, 2021

OPEB GENERAL GOVT	\$1,498,561.40
OPEB WATER ENTERPRISE	\$1,147,309.82
OPEB SEWER ENTERPRISE	\$1,253,934.78
OPEB S/W ENTERPRISE	\$359,172.23