

**Town of Scituate Retirement Plan for the Police
Department Employees**

Financial Disclosure Information
in accordance with Statements of
Governmental Accounting Standards Board
Statement No. 67 ("GASB 67") & No. 68 ("GASB 68")

for the fiscal year beginning April 1, 2021
and ending March 31, 2022

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I. INTRODUCTION

The purpose of this report is to present certain financial information relative to the Town of Scituate Retirement Plan for the Police Department Employees (the "Plan") in accordance with Governmental Accounting Standards Board Statement No. 67 ("GASB 67") & No. 68 ("GASB 68"). GASB 67 is applicable to the Plan and GASB 68 is applicable to the Plan sponsor, the Town of Scituate, RI.


The report presents information regarding the Plan for the period beginning April 1, 2021 and ending March 31, 2022. This report is based on the adoption of GASB 67 and GASB 68 for the Plan effective April 1, 2015. This report includes the determination of the Plan's current discount rate, Net Pension Liability, pension expense, and balances of deferred inflows and outflows.

This report was based on information submitted to our firm by the Town of Scituate, RI in the form of census data, substantive plan provisions, asset/benefit payment information, and other ancillary material pertaining to the plan. The major provisions of the Plan, upon which this report and valuation are based, are outlined in Appendix A. Census data was provided as of March 31, 2022. We have not independently verified, nor do we make any representations as to the accuracy of such information.

Actuarial computations under GASB 67 and GASB 68 are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of GASB 67 and GASB 68 and are in conformity with applicable actuarial standards of practice. To the best of our knowledge, the information contained in this report was determined in accordance with GASB 67 and GASB 68. In addition, no relationship exists with the plan or plan sponsor that impairs the objectivity of our work.

The actuarial assumptions used for this reporting represent my best estimates of current and future Plan experience. A summary of these assumptions and the basis for their determination can be found in Appendix B, as well as the Summary of Actuarial Assumptions exhibit.

I meet the GASB 67 and GASB 68 Qualification Standards of the American Academy of Actuaries to render the actuarial opinions included in this report, based upon my education, experience and continuing education.

Reviewed by: 

Simon R. Encarnacion, F.S.A., E.A.
Enrolled Actuary

08/25/2022

Date

II. NET PENSION LIABILITY

A. Net Pension Liability as of April 1, 2021

The Net Pension Liability for the Plan was measured as of April 1, 2021, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of April 1, 2021.

The components of the Net Pension Liability of the Plan as of April 1, 2021, were as follows:

Total Pension Liability	\$ 21,099,104
Plan Fiduciary Net Position	\$ (7,516,868)
Net Pension Liability	<u>\$ 13,582,236</u>

Plan Fiduciary Net Position as a percentage of the Total Pension Liability	35.63%
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The discount rate used to calculate the Total Pension Liability was 6.0%.

B. Net Pension Liability as of March 31, 2022

The Net Pension Liability for the Plan was measured as of March 31, 2022, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of March 31, 2022.

The components of the Net Pension Liability of the Plan as of March 31, 2022, were as follows:

Total Pension Liability	\$ 19,570,585
Plan Fiduciary Net Position	\$ (7,862,175)
Net Pension Liability	<u>\$ 11,708,410</u>

Plan Fiduciary Net Position as a percentage of the Total Pension Liability	40.17%
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The discount rate used to calculate the Total Pension Liability was 6.0%.

II. NET PENSION LIABILITY

C. Changes in Net Pension Liability for the Fiscal Year ending March 31, 2022

	<u>Total Pension Liability</u> (a)	<u>Plan Fiduciary Net Position</u> (b)	<u>Net Pension Liability</u> (a) - (b)
Balance as of 4/1/2021	\$21,099,104	\$7,516,868	\$13,582,236
Changes for the year:			
Service Cost	219,539		219,539
Interest on Total Pension Liability	1,241,507		1,241,507
Differences Between Expected and Actual Experience	(2,175,652)		(2,175,652)
Changes of Assumptions	(1,881)		(1,881)
Changes in Benefit Terms	243,407		243,407
Contributions - Employer		1,216,406	(1,216,406)
Contributions - Employee		90,763	(90,763)
Net Investment Income		137,306	(137,306)
Benefit Payments	(1,055,439)	(1,055,439)	0
Administrative Expense		(43,729)	43,729
Other Changes	0	0	0
Net Changes	<u>(\$1,528,519)</u>	<u>\$345,307</u>	<u>(\$1,873,826)</u>
Balance as of 3/31/2022	<u>\$19,570,585</u>	<u>\$7,862,175</u>	<u>\$11,708,410</u>

D. Sensitivity of the Net Pension Liability to Changes in Discount Rate as of March 31, 2022

The following presents the Net Pension Liability as of March 31, 2022 calculated using the discount rate of 6.00%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	<u>1% Decrease</u> 5.00%	<u>Current Discount Rate</u> 6.00%	<u>1% Increase</u> 7.00%
Plan's Net Pension Liability as of March 31, 2022:	14,504,350	11,708,410	9,451,636

II. NET PENSION LIABILITY

E. Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Fiscal Years

Fiscal Year Ending	03/31/2022	03/31/2021	03/31/2020	03/31/2019	03/31/2018	03/31/2017	03/31/2016	03/31/2015	03/31/2014	03/31/2013
Total Pension Liability (TPL)										
Service Cost	\$ 219,539	\$ 200,157	\$ 209,941	\$ 201,808	\$ 183,866	\$ 203,864	\$ 203,864	\$ 191,506		
Interest on TPL	1,241,507	1,239,312	1,153,591	1,140,969	1,092,957	1,029,716	970,057	899,459		
Differences between exp. and actual experience	(2,175,652)	179,623	174,342	(61,260)	432,238	448,363	(409,813)	392,571		
Changes of assumptions	(1,881)	2,462,360	623,649	873,746	(199,966)	0	(179,601)	152,290		
Changes in benefit terms	243,407	0	0	0	0	0	923,914	0		
Benefit payments	<u>(1,055,439)</u>	<u>(1,052,312)</u>	<u>(900,320)</u>	<u>(888,558)</u>	<u>(868,346)</u>	<u>(796,428)</u>	<u>(712,962)</u>	<u>(671,686)</u>		
Net Change in TPL	(1,528,519)	3,029,140	1,261,203	1,266,705	640,749	885,515	795,459	964,140		
Total Pension Liability - beginning	21,099,104	18,069,964	16,808,761	15,542,056	14,901,307	14,015,792	13,220,333	12,256,192		
Total Pension Liability - end (a)	<u>\$ 19,570,585</u>	<u>\$ 21,099,104</u>	<u>\$ 18,069,964</u>	<u>\$ 16,808,761</u>	<u>\$ 15,542,056</u>	<u>\$ 14,901,307</u>	<u>\$ 14,015,792</u>	<u>\$ 13,220,333</u>		
Plan Fiduciary Net Position (FNP)										
Contributions - Employer	\$ 1,216,406	\$ 1,014,520	\$ 932,428	\$ 847,392	\$ 856,215	\$ 750,786	\$ 791,829	\$ 728,868		
Contributions - Employee	90,763	97,341	121,937	113,246	116,018	117,991	144,719	111,747		
Net investment income	137,306	1,796,667	(498,213)	194,521	477,960	448,169	(174,131)	344,110		
Benefit payments	(1,055,439)	(1,052,312)	(900,320)	(888,558)	(868,346)	(796,428)	(712,962)	(671,686)		
Administrative expense	(43,729)	(36,351)	(33,990)	(31,257)	(30,534)	(27,345)	(25,311)	(24,170)		
Other changes	0	0	0	0	0	0	0	0		
Net Changes in FNP	345,307	1,819,865	(378,158)	235,344	551,313	493,173	24,144	488,869		
Fiduciary Net Position - beginning	7,516,868	5,697,003	6,075,161	5,839,817	5,288,504	4,795,331	4,771,187	4,282,318		
Fiduciary Net Position - end (b)	<u>\$ 7,862,175</u>	<u>\$ 7,516,868</u>	<u>\$ 5,697,003</u>	<u>\$ 6,075,161</u>	<u>\$ 5,839,817</u>	<u>\$ 5,288,504</u>	<u>\$ 4,795,331</u>	<u>\$ 4,771,187</u>		
Net Pension Liability - ending (a) - (b)	<u>\$ 11,708,410</u>	<u>\$ 13,582,236</u>	<u>\$ 12,372,961</u>	<u>\$ 10,733,600</u>	<u>\$ 9,702,239</u>	<u>\$ 9,612,803</u>	<u>\$ 9,220,461</u>	<u>\$ 8,449,146</u>		
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	40.17%	35.63%	31.53%	36.14%	37.57%	35.49%	34.21%	36.09%		
Covered Employee Payroll	\$ 730,287	\$ 713,372	\$ 836,162	\$ 911,172	\$ 935,534	\$ 934,546	\$ 1,111,367	\$ 821,754		
Net Pension Liability as a percentage of covered employee payroll	1603.26%	1903.95%	1479.73%	1178.00%	1037.08%	1028.61%	829.65%	1028.18%		
Notes to Schedule:	None									

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

III. SCHEDULE OF PLAN CONTRIBUTIONS

A. Schedule of Plan Contributions - Last 10 Fiscal Years

Fiscal Year Ending Valuation Date	03/31/2022 04/01/2021	03/31/2021 04/01/2020	03/31/2020 04/01/2019	03/31/2019 04/01/2018	03/31/2018 04/01/2017	03/31/2017 04/01/2016	03/31/2016 04/01/2015	03/31/2015 04/01/2014	03/31/2014 04/01/2013	03/31/2013 04/01/2012
Actuarially Determined Contribution*	\$ 1,215,516	\$ 1,113,972	\$ 932,125	\$ 942,550	\$ 821,810	\$ 767,944	\$ 716,189	\$ 637,901	\$ 638,018	\$ 629,958
Contributions in relation to the actuarially determined contribution	<u>\$ 1,216,406</u>	<u>\$ 1,014,520</u>	<u>\$ 932,428</u>	<u>\$ 847,392</u>	<u>\$ 856,215</u>	<u>\$ 750,786</u>	<u>\$ 791,829</u>	<u>\$ 728,868</u>	<u>\$ 758,709</u>	<u>\$ 637,460</u>
Contribution deficiency / (excess)	<u>\$ (890)</u>	<u>\$ 99,452</u>	<u>\$ (303)</u>	<u>\$ 95,158</u>	<u>\$ (34,405)</u>	<u>\$ 17,158</u>	<u>\$ (75,640)</u>	<u>\$ (90,967)</u>	<u>\$ (120,691)</u>	<u>\$ (7,502)</u>
Covered Employee Payroll	\$ 730,287	\$ 713,372	\$ 836,162	\$ 911,172	\$ 935,534	\$ 934,546	\$ 1,111,367	\$ 821,754	\$ 916,057	N/A
Contributions as a percentage of covered employee payroll	166.57%	142.21%	111.51%	93.00%	91.52%	80.34%	71.25%	88.70%	82.82%	N/A

* The Town of Scituate's portion of the contribution for the fiscal year beginning April 1, 2021 will be \$1,301,121 reduced by the actual amount of employee contributions.

Notes to Schedule:

Actuarially Determined Contribution:	Calculated as the normal cost plus an amortization of the unfunded actuarial accrued liability. Effective with the April 1, 2013 valuation, the amortization of the the Unfunded Accrued Liability is over a 25 year period that declines by one each year effective back to April 1, 2012. The amortization period as of April 1, 2022 is 15 years.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method
Normal Cost:	The normal cost is the sum of the normal costs for all active participants who have not reached the assumed retirement date. For each such participant, the individual normal cost is the participant's normal cost accrual rate multiplied by the participant's current compensation. The normal cost accrual rate equals (a) the actuarial present value of future benefits as of the participant's entry age divided by (b) the actuarial present value of future compensation as of the participant's entry age. For other participants, the normal cost equals zero.
Salary Increase:	3.00% per year. 3.50% per year for Fiscal Year Ending March 31, 2016 - March 31, 2018. 4.00% per year prior to Fiscal Year Ending March 31, 2016
Asset valuation method:	The assets used to determine plan costs are qual to the current market value
Investment Rate of Return:	6.00%. 7.00% for the Fiscal Years Ending March 31, 2020 and March 31, 2019. 7.50% prior to Fiscal Year Ending March 31, 2019.
Retirement Age:	See Appendix B.
Mortality:	See Appendix B.

IV. PENSION EXPENSE

A. Pension Expense for the Fiscal Year Ending March 31, 2022

1. Service Cost as of April 1, 2021	\$	219,539
2. Interest on the Total Pension Liability		
a. Total Pension Liability as of April 1, 2021	\$	21,099,104
b. Service Cost (time-weighted)		109,770
c. Expected benefit payments (time-weighted)		(517,086)
d. Average expected Total Pension Liability	\$	20,691,788
e. Discount Rate		6.00%
f. Interest on the Total Pension Liability [(d) x (e)]	\$	1,241,507
3. Projected earning on pension plan investments		
a. Fiduciary Net Position as of April 1, 2021	\$	7,516,868
b. Plan Contributions (time-weighted)		653,585
c. Expected benefit payments (time-weighted)		(517,086)
d. Average expected Fiduciary Net Position	\$	7,653,367
e. Long Term Rate of Return on Investments		6.00%
f. Earnings on Fiduciary Net Position [(d) x (e)]	\$	459,202
4. Recognition of Deferred Outflows and (Inflows) of Resources ¹		
a. Difference between expected and actual experience	\$	(594,932)
b. Changes of assumptions	\$	1,134,440
c. Difference between projected and actual earnings on Plan investments	\$	6,236
d. Total recognized deferred outflow and (inflows) of resources [(a) + (b) + (c)]	\$	545,744
5. Employee Contributions	\$	(90,763)
6. Administrative Expenses	\$	43,729
7. Other changes	\$	243,407
8. Total Pension Expense for the Fiscal Year Ending March 31, 2022 [(1) + (2.f) - (3.f) + (4.d) + (5) + (6) + (7)]	\$	1,743,961

¹ Please refer to Section V for details of the recognition of deferred outflows and inflows of resource.

IV. PENSION EXPENSE

B. Pension Expense and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to the Plan

The Plan's deferred outflows of resources and deferred (inflows) of resources as of March 31, 2022 are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
1. Difference between expected and actual experience	\$ 85,058	\$ (1,437,643)
2. Changes of assumptions	\$ 950,009	\$ (1,243)
3. Difference between projected and actual earnings on Plan investments	<u>\$ 678,969</u>	<u>\$ (834,931)</u>
4. Total Deferred Outflows / (Inflows)	<u><u>\$ 1,714,036</u></u>	<u><u>\$ (2,273,817)</u></u>

Amounts reported as deferred outflows of resources and deferred (inflows) of resources will be recognized in pension expense as follows:

5. Fiscal Year Ending:	March 31, 2023	\$ 232,713	
	March 31, 2024	\$ (642,944)	
	March 31, 2025	\$ (213,930)	
	March 31, 2026	\$ 64,380	
	March 31, 2027	\$ 0	
	Thereafter	<u>\$ 0</u>	
	Total	<u><u>\$ (559,781)</u></u>	

V. DEFERRED OUTFLOWS AND INFLOWS

A. Schedule of Differences Between Expected and Actual Plan Experience

Year Ending	Difference Between Expected and Actual Experience	Recognition Period (Years)	Deferred Outflow/ (Inflow) as of 4/1/2021	Increase/(Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience										
				3/31/2022	3/31/2023	3/31/2024	3/31/2025	3/31/2026	3/31/2027	3/31/2028	3/31/2029	3/31/2030	3/31/2031	3/31/2032
3/31/2018	432,238	4.485	46,742	46,742	0	0	0	0	0	0	0	0	0	0
3/31/2019	(61,260)	3.778	(12,615)	(12,615)	0	0	0	0	0	0	0	0	0	0
3/31/2020	174,342	3.418	72,328	51,007	21,321	0	0	0	0	0	0	0	0	0
3/31/2021	179,623	3.100	121,680	57,943	57,943	5,794	0	0	0	0	0	0	0	0
3/31/2022	(2,175,652)	2.948	(2,175,652)	<u>(738,009)</u>	<u>(738,009)</u>	<u>(699,634)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
				<u>\$ (594,932)</u>	<u>\$ (658,745)</u>	<u>\$ (693,840)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

B. Schedule of Changes in Plan Assumptions

Year Ending	Difference Between Expected and Actual Experience	Recognition Period (Years)	Deferred Outflow/ (Inflow) as of 4/1/2021	Increase/(Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Plan Assumptions										
				3/31/2022	3/31/2023	3/31/2024	3/31/2025	3/31/2026	3/31/2027	3/31/2028	3/31/2029	3/31/2030	3/31/2031	3/31/2032
3/31/2018	(199,966)	4.485	(21,622)	(21,622)	0	0	0	0	0	0	0	0	0	0
3/31/2019	873,746	3.778	179,930	179,930	0	0	0	0	0	0	0	0	0	0
3/31/2020	623,649	3.418	258,729	182,460	76,269	0	0	0	0	0	0	0	0	0
3/31/2021	2,462,360	3.100	1,668,050	794,310	794,310	79,430	0	0	0	0	0	0	0	0
3/31/2022	(1,881)	2.948	(1,881)	<u>(638)</u>	<u>(638)</u>	<u>(605)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
				<u>\$1,134,440</u>	<u>\$ 869,941</u>	<u>\$ 78,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

C. Schedule of Difference Between Projected and Actual Earnings on Plan Investments

Year Ending	Difference Between Expected and Actual Experience	Recognition Period (Years)	Deferred Outflow/ (Inflow) as of 4/1/2021	Increase/(Decrease) in Pension Expense Arising from the Recognition of Difference Between Projected and Actual Earnings on Plan Investments					
				3/31/2022	3/31/2023	3/31/2024	3/31/2025	3/31/2026	3/31/2027
3/31/2018	(76,400)	5.000	(15,280)	(15,280)	0	0	0	0	0
3/31/2019	247,236	5.000	98,895	49,447	49,448	0	0	0	0
3/31/2020	930,007	5.000	558,005	186,001	186,001	186,003	0	0	0
3/31/2021	(1,391,553)	5.000	(1,113,242)	(278,311)	(278,311)	(278,311)	(278,309)	0	0
3/31/2022	321,896	5.000	321,896	<u>64,379</u>	<u>64,379</u>	<u>64,379</u>	<u>64,379</u>	<u>64,380</u>	<u>0</u>
				<u>\$ 6,236</u>	<u>\$ 21,517</u>	<u>\$ (27,929)</u>	<u>\$ (213,930)</u>	<u>\$ 64,380</u>	<u>\$ -</u>

V. DEFERRED OUTFLOWS AND INFLOWS

D. Plan Demographics Projected to March 31, 2022

Status	<u>Count</u>	<u>Avg. Future Service</u>
Active	8	9.279
Terminated Vested	1	1.000
Disabled	4	1.000
Retirees and Beneficiaries	<u>21</u>	<u>1.000</u>
Total	34	2.948

VI. DETERMINATION OF DISCOUNT RATE

A. Determination of Discount Rate as of March 31, 2022 - Analysis of Crossover Point

Plan Year Beginning	Prior Year's Actuarially Determined Contribution	Projected Market Value of Assets	Projected Benefit Payments	Projected Benefit Payments		Actuarial Present Value of Benefit Payments		
				"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Portion	Present Value of "Unfunded" Portion	Present Value of All Benefit Payments - Single Rate
4/1						6.00%	3.46%*	6.00%
2022	1,216,406	7,862,175	1,011,221	1,011,221	0	1,011,221	0	1,011,221
2023	1,123,759	8,490,445	1,015,728	1,015,728	0	958,234	0	958,234
2024	1,136,171	9,162,798	1,020,607	1,020,607	0	908,337	0	908,337
2025	1,171,212	9,904,500	1,025,753	1,025,753	0	861,242	0	861,242
2026	1,207,813	10,720,583	1,139,427	1,139,427	0	902,533	0	902,533
2027	1,204,653	11,436,441	1,141,947	1,141,947	0	853,329	0	853,329
2028	1,243,432	12,229,714	1,144,735	1,144,735	0	806,993	0	806,993
2029	1,284,095	13,106,188	1,152,707	1,152,707	0	766,616	0	766,616
2030	1,326,966	14,067,219	1,160,715	1,160,715	0	728,247	0	728,247
2031	1,372,747	15,120,267	1,282,228	1,282,228	0	758,949	0	758,949
2032	1,377,070	16,083,886	1,287,772	1,287,772	0	719,085	0	719,085
2033	1,430,448	17,150,045	1,410,201	1,410,201	0	742,876	0	742,876
2034	1,444,745	18,135,938	1,413,274	1,413,274	0	702,354	0	702,354
2035	1,512,920	19,242,817	1,416,925	1,416,925	0	664,310	0	664,310
2036	1,598,361	20,494,405	1,423,156	1,423,156	0	629,463	0	629,463
2037	1,734,228	21,947,789	1,562,406	1,562,406	0	651,937	0	651,937
2038	98,233	21,621,142	1,564,749	1,564,749	0	615,958	0	615,958
2039	106,328	21,282,772	1,565,435	1,565,435	0	581,347	0	581,347
2040	106,323	20,925,414	1,586,341	1,586,341	0	555,765	0	555,765
2041	106,292	20,527,138	1,587,261	1,587,261	0	524,610	0	524,610
2042	105,564	20,105,653	1,586,137	1,586,137	0	494,565	0	494,565
2043	105,138	19,662,125	1,583,073	1,583,073	0	465,669	0	465,669
2044	104,620	19,197,274	1,577,822	1,577,822	0	437,854	0	437,854
2045	104,007	18,712,107	1,570,337	1,570,337	0	411,110	0	411,110
2046	103,313	18,207,750	1,560,567	1,560,567	0	385,427	0	385,427
2047	102,540	17,685,445	1,548,443	1,548,443	0	360,785	0	360,785
2048	101,690	17,146,575	1,533,906	1,533,906	0	337,168	0	337,168
2049	100,759	16,592,651	1,516,873	1,516,873	0	314,551	0	314,551
2050	99,752	16,025,361	1,497,258	1,497,258	0	292,909	0	292,909
2051	98,659	15,446,559	1,474,981	1,474,981	0	272,218	0	272,218
2052	97,466	14,858,269	1,449,959	1,449,959	0	252,453	0	252,453
2053	96,167	14,262,704	1,422,136	1,422,136	0	233,593	0	233,593
2054	94,756	13,662,248	1,391,517	1,391,517	0	215,626	0	215,626
2055	93,211	13,059,385	1,358,175	1,358,175	0	198,546	0	198,546

VI. DETERMINATION OF DISCOUNT RATE

A. Determination of Discount Rate as of March 31, 2022 - Analysis of Crossover Point

Plan Year	Prior Year's Actuarially Determined Contribution	Projected Market Value of Assets	Projected Benefit Payments	Projected Benefit Payments		Actuarial Present Value of Benefit Payments		
				"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Portion	Present Value of "Unfunded" Portion	Present Value of All Benefit Payments - Single Rate
4/1						6.00%	3.46%*	6.00%
2056	91,521	12,456,648	1,322,280	1,322,280	0	182,358	0	182,358
2057	89,660	11,856,502	1,284,108	1,284,108	0	167,069	0	167,069
2058	87,617	11,261,253	1,243,989	1,243,989	0	152,688	0	152,688
2059	85,366	10,672,958	1,202,269	1,202,269	0	139,215	0	139,215
2060	82,893	10,093,421	1,159,287	1,159,287	0	126,639	0	126,639
2061	80,187	9,524,176	1,115,393	1,115,393	0	114,947	0	114,947
2062	77,244	8,966,476	1,070,949	1,070,949	0	104,120	0	104,120
2063	74,081	8,421,286	1,026,280	1,026,280	0	94,129	0	94,129
2064	70,718	7,889,309	981,718	981,718	0	84,946	0	84,946
2065	67,192	7,370,978	937,552	937,552	0	76,532	0	76,532
2066	63,561	6,866,515	894,017	894,017	0	68,847	0	68,847
2067	59,862	6,375,948	851,219	851,219	0	61,841	0	61,841
2068	56,136	5,899,237	809,128	809,128	0	55,456	0	55,456
2069	52,421	5,436,412	767,625	767,625	0	49,633	0	49,633
2070	48,733	4,987,644	726,503	726,503	0	44,316	0	44,316
2071	45,083	4,553,338	685,484	685,484	0	39,447	0	39,447
2072	41,469	4,134,206	644,314	644,314	0	34,979	0	34,979
2073	37,890	3,731,259	602,801	602,801	0	30,873	0	30,873
2074	34,335	3,345,749	560,859	560,859	0	27,099	0	27,099
2075	30,806	2,979,090	518,547	518,547	0	23,636	0	23,636
2076	27,300	2,632,704	476,040	476,040	0	20,470	0	20,470
2077	23,851	2,307,946	433,608	433,608	0	17,590	0	17,590
2078	20,491	2,005,999	391,627	391,627	0	14,988	0	14,988
2079	17,272	1,727,775	350,449	350,449	0	12,653	0	12,653
2080	14,245	1,473,923	310,466	310,466	0	10,575	0	10,575
2081	11,472	1,244,786	272,113	272,113	0	8,744	0	8,744
2082	9,000	1,040,328	235,841	235,841	0	7,149	0	7,149
2083	6,855	860,069	202,046	202,046	0	5,778	0	5,778
2084	5,050	703,109	171,070	171,070	0	4,615	0	4,615
2085	3,575	568,135	143,109	143,109	0	3,642	0	3,642
2086	2,413	453,544	118,256	118,256	0	2,840	0	2,840
2087	1,532	357,517	96,489	96,489	0	2,186	0	2,186
2088	886	278,114	77,690	77,690	0	1,660	0	1,660
2089	438	213,371	61,693	61,693	0	1,244	0	1,244

VI. DETERMINATION OF DISCOUNT RATE

A. Determination of Discount Rate as of March 31, 2022 - Analysis of Crossover Point

Plan Year Beginning 4/1	Prior Year's Actuarially Determined Contribution	Projected Market Value of Assets	Projected Benefit Payments	Projected Benefit Payments		Actuarial Present Value of Benefit Payments				
				"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Portion 6.00%	Present Value of "Unfunded" Portion 3.46%*	Present Value of All Benefit Payments - Single Rate 6.00%		
2090	143	161,344	48,299	48,299	0	919	0	919		
2091	0	120,189	37,258	37,258	0	669	0	669		
2092	0	88,211	28,295	28,295	0	479	0	479		
2093	0	63,760	21,135	21,135	0	338	0	338		
2094	0	45,382	15,506	15,506	0	234	0	234		
2095	0	31,823	11,161	11,161	0	159	0	159		
2096	0	22,018	7,867	7,867	0	105	0	105		
2097	0	15,084	5,421	5,421	0	69	0	69		
2098	0	10,302	3,644	3,644	0	43	0	43		
2099	0	7,096	2,389	2,389	0	27	0	27		
2100	0	5,012	1,524	1,524	0	16	0	16		
2101	0	3,709	944	944	0	9	0	9		
2102	0	2,935	567	567	0	5	0	5		
2103	0	2,508	329	329	0	3	0	3		
2104	0	2,304	185	185	0	2	0	2		
2105	0	2,237	100	100	0	1	0	1		
2106	0	2,255	53	53	0	0	0	0		
2107	0	2,322	27	27	0	0	0	0		
2108	0	2,419	14	14	0	0	0	0		
2109	0	2,535	7	7	0	0	0	0		
2110	0	2,665	3	3	0	0	0	0		
2111	0	2,806	2	2	0	0	0	0		
2112	0	2,956	0	0	0	0	0	0		
						21,411,860	+	0	=	21,411,860

* The 3.46% discount rate is the March 31, 2022 S&P Municipal Bond 20 Year High Grade Index.

** NOTE: The first-year ARC presented is the actual contribution for that year, when available.

VI. DETERMINATION OF DISCOUNT RATE

B. Funding Policy

Currently, the funding policy is to fund 100% of the actuarially determined contribution. The actuarially determined contribution is calculated as the normal cost plus an amortization of the unfunded actuarial accrued liability. Effective with the April 1, 2013 valuation, the amortization of the the Unfunded Accrued Liability is over a 25 year period that declines by one each year effective back to April 1, 2012. The amortization period as of April 1, 2022 is 15 years.

C. Long Term Expected Rate of Return and Asset Allocation

The long term expected rate of return on Plan investments was determined by the investment manager.

<u>Asset Class</u>	<u>March 31, 2022 Asset Allocation</u>	<u>Target Asset Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Large Cap Equity	27.8%	27.0%	6.55%
Dom SMid Cap Value Equity	5.4%	5.0%	7.10%
International Equity	22.9%	23.0%	7.30%
Emerging Markets	0.0%	0.0%	0.00%
Investment Grade Bonds	24.7%	24.0%	3.10%
Us Gov TIPS	10.7%	10.0%	3.30%
Real Estate	5.2%	5.0%	6.20%
Cash and Equivalents	3.3%	6.0%	1.50%
	<u>100.0%</u>	<u>100.0%</u>	

Projected Rate of Return*: 5.28%

* The rates provided are the current rates.

The plan sponsor has chosen to use 6.00% as the plan's interest rate assumption.

In future valuation periods, consideration for the current expected returns on assets will be made in selecting the interest rate assumption.

Money-Weighted Rate of Return for Fiscal Year Ending 03/31/2022**: 1.82%

** This rate is determined assuming contributions and expenses are paid in the middle of the month and benefits are paid at the beginning of the month.

APPENDIX A - SUMMARY OF PLAN PROVISIONS

This exhibit summarizes the major provisions of the Town of Scituate Retirement Plan for the Police Department Employees included in the valuation. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself. This exhibit is based on our understanding of benefits as described by the plan document, Summary Plan Description, and applicable collective bargaining agreements. To the extent that this exhibit does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Eligibility Requirements:

All regular or permanent police of the Town of Scituate, Rhode Island, following completion of a six month waiting period. Only employees hired before July 1, 2014 are eligible to participate.

Normal Retirement Date:

For participants hired prior to June 30, 2000, upon completion of 20 Years of Service, the participant is eligible for normal retirement. Alternatively, a participant may continue in service beyond 20 years. For participants hired on or after July 1, 2000, upon completion of 25 Years of Service the participant is eligible for normal retirement.

A participant may retire upon the completion of ten years of service or the attainment of age 56, whichever is later.

Compensation:

The monthly equivalent of a Participant's annual compensation, including longevity pay and holiday pay, but exclusive of bonuses, overtime and other forms of additional compensation, and exclusive of any program of deferred compensation, employee benefits or additional remuneration payable other than in cash.

Average Compensation:

Compensation of a participant averaged over three (3) years as an employee prior to the earlier of (1) his termination of Service, (2) his retirement or (3) termination of the Plan.

Normal Retirement Benefit:

For participants hired on or prior to June 30, 2000, a benefit equal to 2.5% of Average Compensation times the first 20 years of service, plus 2% of Average Compensation times years of service in excess of 20 years. Maximum benefit is 60% of Average Compensation. For participants hired on or after July 1, 2000, a benefit equal to 2.4% of Average Compensation times the first 25 years of service. Maximum benefit is 60% of Average Compensation.

Normal Form of Benefit:

Life annuity for single participants and an unreduced 67.5% Joint and Survivor Annuity for married participants.

APPENDIX A - SUMMARY OF PLAN PROVISIONS

Death Benefit for Actives not yet Eligible for Normal Retirement:

In the event of death of a member, while employed, benefits shall be according to the state law as to Police Pensions.

Upon death of a member due to occupational causes:

- (a) Total Employee Mandatory Contributions
- (b) A payment of \$800 for each year of service up to \$16,000.
Minimum Lump Sum: \$4,000
- (c) A spouse's benefit equal to 50% of Participant's Average Compensation for spouse's life or until she remarries, if earlier plus 10% of Participant's Average Compensation for each child until the child attains age 18; subject to an overall maximum of 66 $\frac{2}{3}$ % of Participant's Average Compensation.

Upon death of a member due to non-occupational causes:

- (a) Total Employee Mandatory Contributions
- (b) A payment of \$800 for each year of service up to \$16,000.
Minimum Lump Sum: \$4,000
- (c) A spouse's benefit equal to 30% of Participant's Average Compensation for spouse's life or until she remarries, if earlier plus 10% of Participant's Average Compensation for each child until the child attains age 18; subject to an overall maximum of 50% of Participant's Average Compensation.

Death Benefit for Actives Eligible for Normal Retirement:

For active married participants, spouse shall receive a monthly benefit of 67.5% of the participant's accrued benefit payable for spouse's life or if earlier, until the spouse remarries. If there is no surviving spouse, each child of the Participant under the age of eighteen (18) shall share equally in the 67 $\frac{1}{2}$ % of the monthly retirement benefit until the last such child of the Participant shall have attained age eighteen (18). In addition, a payment of \$800 for each year of service up to \$16,000 (Minimum Lump Sum: \$4,000).

Post-Retirement Death Benefit:

For retired married participants, spouse shall receive a monthly benefit of 67.5% of the participant's accrued benefit payable for spouse's life or if earlier, until the spouse remarries. If there is no surviving spouse, each child of the Participant under the age of eighteen (18) shall share equally in the 67 $\frac{1}{2}$ % of the monthly benefit until the last such child has attained age eighteen (18). In addition, a payment of \$800 for each year of service up to \$16,000. The lump sum death benefit is reduced by 25% for each year following retirement subject to a minimum benefit of \$4,000.

APPENDIX A - SUMMARY OF PLAN PROVISIONS

Disability:

Upon becoming disabled due to occupational causes, a benefit equal to 66⅔% of the participant's Average Compensation payable for the period of disability. Upon becoming disabled due to non-occupational causes after completing 7 years of service, a benefit equal to 1⅓% of the participant's Average Compensation for each year of credited service, but not less than 25% and not greater than 50%.

Upon normal retirement of a disabled participant, the normal retirement benefit is subject to Cost of Living Adjustment equal to 3% of the initial normal retirement benefit. This COLA is deferred for a period of 3 years.

Termination of Employment:

With less than ten years of service, a refund of employee contributions. A member who terminates after ten years of service will be eligible to receive a pension commencing at age 56 equal to his or her accrued benefit.

Funding:

Effective July 1, 2015, the members of the Plan shall each contribute 12% of Compensation and the Town of Scituate shall contribute 10% of Compensation earned by each member.

Cost of Living Adjustment:

For retirees prior to July 1, 2003 the Cost of Living Adjustment is equal to the negotiated rate of salary increase times 30% compounded annually.

For retirees on or after July 1, 2003, who were hired on or before July 1, 2012, the Cost of Living Adjustment is equal to 3% of the initial retirement benefit (non-compounded). This COLA is deferred for a period of 3 years for any member who retires after June 30, 2015 (COLA begins in the 4th year after date of retirement).

APPENDIX B - ACTUARIAL ASSUMPTIONS & METHODS

A. Actuarial Cost Method

*Actuarial Cost Method
for GASB 67 / 68:*

Costs have been computed in accordance with the Entry Age Normal Cost Method.

The normal cost is the sum of the normal costs for all participants. For a current participant, the individual normal cost is the participant's normal cost accrual rate multiplied by the participant's current compensation. The normal cost accrual rate equals (a) the present value of future benefits as of the participant's entry age divided by (b) the present value of future compensation as of the participant's entry age. For other than a current participant, the normal cost equals \$0.

The accrued liability is the sum of the individual accrued liabilities for all participants. The individual accrued liability is equal to the present value of future benefits less the normal cost accrual rate multiplied by the present value of future compensation.

Asset Valuation Method:

The assets used to determine plan costs are based on the market value as of March 31, 2022.

*Recognition of Deferred
Outflows and Inflows:*

The (a) differences between expected and actual Plan experience and (b) changes in Plan assumptions are recognized over a closed period (beginning with the current fiscal year) equal to the average expected service for active participants as of the valuation date used to determine the Net Pension Liability for the end of the fiscal year. The difference between projected and actual earnings on Plan investments are recognized over a closed 5-year period (beginning with the current fiscal year).

APPENDIX B - ACTUARIAL ASSUMPTIONS & METHODS

B. Actuarial Assumptions as of March 31, 2022

*Discount Rate for Purposes
of Determining Net Pension*

Liability: 6.00%

Long Term Rate of Return

on Investments: 6.00%

Municipal Bond: 3.46%

The Municipal Bond rates is based on the S&P Municipal Bond 20 Year High Grade Index.

Salary Increases: 3.00%

Payroll Growth Rate: 3.00%

Inflation: 3.00%

*Pre and Post
Retirement Mortality:*

PubS-2010 Employee / Healthy Retiree with Scale MP-2021
Generational Improvements (Male/Female)

Disability Mortality:

PubS-2010 Disabled Retiree with Scale MP-2021 Generational
Improvements (Male/Female)

Terminations: None

Occupational Disability:

Occupational disability assumed to equal 3 times the 1974 Railroad
Retirement Board Incidence.

Assumed Retirement Age:

The completion of 25 Years of Service

Spousal Death Benefit:

75% of active participants are assumed married with one child
under age 18. Spouses are assumed to be 4 years younger than
the participant.

APPENDIX B - ACTUARIAL ASSUMPTIONS & METHODS

Cost-of-Living

Increases: A 3.0% non-compounded COLA for active members who retire on or after July 1, 2003. For members who retired before July 1, 2003, 30% of the negotiated salary increase, compounded annually.

For retirees on or after July 1, 2003, who were hired on or before July 1, 2012, the Cost of Living Adjustment is equal to 3% of the initial retirement benefit (non-compounded). This COLA is deferred for a period of 3 years for any member who retires after June 30, 2015 (COLA begins in the 4th year after date of retirement).

Expenses: Assumed paid by the Town

All other assumptions are consistent with the Plan's actuarial valuation as of April 1, 2022.

C. Changes in Actuarial Methods or Assumptions since April 1, 2021

Mortality: PubS-2010 Employee / Healthy Retiree / Disabled Retiree with Scale MP-2021 Generational Improvements (Male/Female). Previously, PubS-2010 Employee / Healthy Retiree / Disabled Retiree with Scale MP-2020 Generational Improvements (Male/Female).

Discount Rate: The discount rate for purposes of determining the Net Pension Liability has not changed from the beginning of the Fiscal Year.

	<u>4/1/2021</u>	<u>3/31/2022</u>
Long Term Rate of Return for Investments:	6.00%	6.00%
Municipal Bond Rate:	1.74%	3.46%
Discount Rate for Net Pension Liability Purposes:	6.00%	6.00%

SELECTION OF ACTUARIAL ASSUMPTIONS

Assumption		Entity Who Selects Assumption	Basis for Assumption Selection	Change in Assumption
Investment Return Interest Rate	6.00%	Town of Scituate	The investment return interest rate is developed based on the allocation of the Plan's assets by investment class and the capital market outlook for each investment class. This information is provided by the Plan's investment advisor. The assumed rate of return is derived net of spending, taxes, and investment expenses.	None
Long-Term Rate of Return on Assets	6.00%	Town of Scituate	The interest rate is developed based on the allocation of the Plan's assets by investment class and the capital market outlook for each investment class. This information is provided by the Plan's investment advisor.	None
Salary Scale	3.00%	Town of Scituate	This assumption was set based on a review of experience under the plan and the rate increase set in recent Collective Bargaining Agreement.	None
Taxable Wage Base Increase	N/A	Town of Scituate	Plan benefits do not depend on the taxable wage base.	None
IRC 415 and 401(a)(17) Limit Projection	N/A	Town of Scituate	Compensation and benefits are not large enough to be impacted by these limits.	None
Pre-Retirement Mortality	PubS-2010 Employee with Scale MP-2021 Generational Improvements (Male/Female)	Town of Scituate	The Society of Actuaries published a study of retirement experience in October, 2019. The PubS-2010 tables with Scale MP-2021 Generational Improvements presented in the study represent the most current and complete benchmarks of U.S. public pension plan mortality experience.	The mortality tables changed from the PubS-2010 Employee with Scale MP-2020 Generational Improvements (Male/Female) as of the prior measurement date, March 31, 2021. The change was made to reflect the best estimate of future experience under the plan. This change, together with the change in post-retirement and disability mortality, decreased the Entry Age Normal Accrued Liability as of the current measurement date, March 31, 2022, by 0.05%.
Post-Retirement Mortality	PubS-2010 Healthy Retiree with Scale MP-2021 Generational Improvements (Male/Female)	Town of Scituate	The Society of Actuaries published a study of retirement experience in October, 2019. The PubS-2010 tables with Scale MP-2021 Generational Improvements presented in the study represent the most current and complete benchmarks of U.S. public pension plan mortality experience.	The mortality tables changed from the PubS-2010 Healthy Retiree with Scale MP-2020 Generational Improvements (Male/Female) as of the prior measurement date, March 31, 2021. The change was made to reflect the best estimate of future experience under the plan. This change, together with the change in pre-retirement and disability mortality, decreased the Entry Age Normal Accrued Liability as of the current measurement date, March 31, 2022, by 0.05%.

SELECTION OF ACTUARIAL ASSUMPTIONS

Assumption		Entity Who Selects Assumption	Basis for Assumption Selection	Change in Assumption
Disability Mortality	PubS-2010 Disabled Retiree with Scale MP-2021 Generational Improvements (Male/Female)	Town of Scituate	The Society of Actuaries published a study of retirement experience in October, 2019. The PubS-2010 tables with Scale MP-2021 Generational Improvements presented in the study represent the most current and complete benchmarks of U.S. public pension plan mortality experience.	The mortality tables changed from the PubS-2010 Disabled Retiree with Scale MP-2020 Generational Improvements (Male/Female) as of the prior measurement date, March 31, 2021. The change was made to reflect the best estimate of future experience under the plan. This change, together with the change in pre-retirement and post-retirement mortality, decreased the Entry Age Normal Accrued Liability as of the current measurement date, March 31, 2022, by 0.05%.
Disability Rates	Occupational disability assumed to equal 3 times the 1974 Railroad Retirement Board Incidence	Town of Scituate	This assumption was set based on a review of experience under the plan.	None
Withdrawal Rates	None	Town of Scituate	The incidence of Withdrawal under the plan is negligible.	None
Retirement Rates	Participants are assumed to retire after 25 years of service.	Town of Scituate	This assumption was set based on a review of experience under the Plan.	None
Administrative Expenses	N/A	Town of Scituate	Assumed paid by the Town.	None
Percent Married	75% of males and 75% of females are assumed to be married.	Town of Scituate	This assumption was set based on a review of experience under the Plan.	None
Age of Spouse	The female spouse is assumed to be 4 years younger than the male spouse.	Town of Scituate	This assumption was set based on a review of experience under the Plan.	None

APPENDIX C - GLOSSARY

The following includes only a sample of the terms in the GASB 68 Glossary. This list includes terms that are newer as a result of GASB 68.

Actuarially determined contribution - 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.

Ad hoc cost-of-living adjustments (ad hoc COLAs) - Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.

Automatic cost-of-living adjustments (automatic COLAs) - Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Average future service - Average expected remaining service lives of active and inactive members, including retirees. This becomes the recognition period for amounts deferred resulting from: (1) differences between expected and actual experience or (2) changes in Plan assumptions.

Collective deferred outflows of resources and deferred inflows of resources related to pensions - Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective net pension liability.

Collective net pension liability - The net pension liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.

Collective pension expense - Pension expense arising from certain changes in the collective net pension liability.

Contributions - Additions to a pension plan's fiduciary net position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.

Discount rate - The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

APPENDIX C - GLOSSARY

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected (under the requirements of this Statement) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments.

2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Entry age actuarial cost method - A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.

Fiduciary Net Position (definition not included in GASB 68 glossary) - generally the value of Plan assets.

Net pension liability - The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan.

Total pension liability - The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of this Statement.