

## AGENDA

In accordance with Governor Lamont's Executive Order 7B and social distancing guidelines recommended by the CDC to slow community spread of COVID-19, this meeting is physically closed to the public. The public may view the meeting live at <https://mansfieldct.gov/video> or on Charter Spectrum Cable Channel 191 (the website is recommended as it is a higher image clarity).

Public Comment will be accepted by email at [TownMgr@mansfieldct.org](mailto:TownMgr@mansfieldct.org) or by USPS mail at 4 South Eagleville Road, Mansfield CT 06268 and must be received prior to the meeting (public comment received after the meeting will be shared at the next meeting). Additionally, public comment can be phoned in live. Please email [TownMgr@mansfieldct.org](mailto:TownMgr@mansfieldct.org) or call 860-429-3336 ext. 5 by Noon on the day of the meeting to receive instructions for how to phone in public comment.

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**MEMO - COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

To: Finance Committee, Town of Mansfield, Connecticut  
From: Vanessa E. Rossitto, CPA, Audit Partner  
Blum Shapiro & Company, P.C.  
Date: July 16, 2020  
Re: Auditing Standard No. 114, "The Auditor's Communication with Those Charged with Governance" regarding audit of Town of Mansfield, Connecticut

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We are engaged to audit the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Mansfield, Connecticut for the year ended June 30, 2020. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

**Our responsibilities under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards, the Uniform Guidance and the Connecticut State Single Audit Act.**

As stated in our engagement letter dated April 7, 2020, our responsibility, as described by professional standards, is to express opinions as to whether the financial statements, prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve those charged with governance or management of their responsibilities.

In planning and performing our audit, we will consider the Town of Mansfield, Connecticut's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Connecticut State Single Audit Act.

As part of obtaining reasonable assurance about whether the Town of Mansfield, Connecticut's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance and the Connecticut State Single Audit Act, we will examine, on a test basis, evidence about the Town of Mansfield, Connecticut's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the State of Connecticut Compliance Supplement applicable to each of its major federal and state programs for the purpose of expressing an opinion on the Town of Mansfield, Connecticut's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the Town of Mansfield, Connecticut's compliance with those requirements.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform an examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

### **Planned Scope, Timing of the Audit and Other**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of our audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

### **Other Attest Services**

- Connecticut State Department of Education Agreed Upon Procedures

### **Nonattest Services**

In addition to above services, we will also assist in performing certain nonattest services. These services do not constitute an audit under *Government Auditing Standards*. The services are as follows:

- preparing a draft of the financial statements,
- preparing a draft of the schedule of expenditures of federal awards (SEFA),
- preparing a draft of the schedule of expenditures of state financial assistance (SESFA),
- preparing and submitting the federal data collection form,

Management agrees to oversee the nonattest services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Independence**

There are no relationships between any of our representatives and the Town of Mansfield, Connecticut that in our professional judgment impairs our independence.

### **Responsibilities under Auditing Standards Generally Accepted in the United States of America**

#### **Management's responsibilities include:**

- The selection and application of accounting principles, the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance, and all accompanying information
- Establishing and maintaining effective internal controls, including internal controls over compliance

- Making all financial records and related information available to us and for the accuracy and completeness of that information
- The design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the government
- Identifying government award programs and understanding and complying with the compliance requirements

**Auditor's responsibilities include:**

- Express opinions on the financial statements based on our audit
- Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement
- Performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements
- Consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

**Audit Areas of Focus**

- Cash
- Investments
- Receivables and revenues
- Capital Assets
- Payables, accruals, expenditures
- Payroll expenditures
- Debt
- Insurance and Self Insurance
- Grants – Federal and State Single Audit

**Engagement Timing**

*NOTE: Due to COVID-19, we recognize that there has been disruption in your operations. We will communicate with management to ensure our fieldwork is conducted at mutually agreeable dates but due to the disruptions you have encountered, please recognize that we might not meet the exact dates outlined below. At this time, we do not anticipate any delays in issuance of the financial statements.*

Our initial planning for the year-end audit will be performed during May 2020. Our focus will be on documentation of the internal controls as required by auditing standards, fraud inquiry interviews with management and key personnel, preparation of certain confirmations some overall analytical procedures and audit fieldwork as applicable to the federal and state single audits and procedures performed relevant to the tax collector's and tax assessor's offices.

- Audit Timing:

Trial Balance Files to BlumShapiro	8/31/2020
Commencement of Fieldwork	9/08/2020
End of Fieldwork	9/18/2020
Issuance of Draft Financial Statements	12/01/2020
Client Approval of Draft Statements	12/11/2020
MD+A Finalized	12/11/2020
Issuance of Financial Statements	12/18/2020
Issuance of Management Letter, if applicable	12/18/2020
Post Audit Meeting with Management	TBD

## Engagement Team

The engagement team that will be responsible for audit, and other services, is as follows including contact information to reach us:

- Vanessa Rossitto, Audit Partner  
Direct Line: 860-561-6824  
Email: [vrossitto@blumshapiro.com](mailto:vrossitto@blumshapiro.com)
- Gerry Paradis, Concurring Reviewer  
Direct Line: 860-570-6371  
Email: [gparadis@blumshapiro.com](mailto:gparadis@blumshapiro.com)
- Michael Popham, Audit Manager  
Direct Line: 860-570-6391  
Email: [mpopham@blumshapiro.com](mailto:mpopham@blumshapiro.com)

## Other Communications

At the completion of our audit we will communicate in writing the following information related to our audit:

- Management judgments and significant sensitive accounting estimates
- Significant accounting policies
- The adoption of new accounting principles or changes in accounting principles
- Significant audit adjustments (recorded and unrecorded)
- Disagreements with management about auditing, accounting or disclosure matters
- Difficulties encountered in performing the audit
- Irregularities and illegal acts
- Consultation by management with other auditors
- Matters affecting independence of auditors
- Material weaknesses, significant deficiencies and control deficiencies

## Knowledge of Fraud

- If management or those charged with governance has any knowledge of fraud or potential fraud, this information needs to be communicated to us. As part of the audit process, we will be meeting with management to discuss fraud risks and any further issues.

## **Best Practices and Industry Updates**

### **Fraud Risk Assessment**

- In the 2018 Report to the Nations, a survey of members conducted by the Association of Certified Fraud Examiners (ACFE), the median loss per fraud occurrence was \$130,000, with more than 22% of those cases resulting in losses exceeding \$1,000,000. Almost any employee may be capable of perpetrating a fraudulent act given the right set of circumstances. Municipalities are especially vulnerable due to the large amounts of cash collected in the tax collector's office in addition to decentralized cash collection points such as transfer stations, recreation programs, school activity accounts, etc. Also, one of the primary fraud risks is the ever-present risk of misappropriation of assets (theft), through fraudulent cash disbursements.
- The objectives of a Fraud Risk Assessment are to gather perceptions of fraud risk and to promote fraud awareness and prevention across the entity. The Fraud Risk Assessment process starts with the gathering of information on the population of fraud risks that may apply to the entity. This includes consideration of various types of possible fraud schemes, scenarios and opportunities to commit fraud. This information is then used to assess the relative likelihood and potential significance of identified fraud risk based on historical information, known fraud schemes and interviews with staff and management. The fraud risk assessment can be formal – performed by an outside accounting or consulting firm; or informal - performed by a management-level individual who has extensive knowledge of the entity that might be used in the assessment. The fraud risk assessment process should consider the Entity's vulnerability to misappropriation of assets.

### **Cybersecurity Threats**

Cybersecurity has reached a new crossroads. Municipalities can no longer have a “wait and see” attitude toward securing operations and data. Proactively assessing and managing operations and IT environment(s) in anticipation of cyber threats is critical. Managing your organization's risk to cyber threats starts with a consideration of the following:

- Cybersecurity is now considered a key business risk by most boards.
- Global spending on cybersecurity is projected to increase each of the next 10 years.
- Nearly 70% of funds expended due to a cyber event are unrecoverable.
- Ransomware attacks force the majority of impacted businesses to pay to get their data back.
- The scale of data breaches and lost funds due to phishing and business email compromise is exponentially trending upward.
- Most companies do not know all locations where personal/confidential information is stored and/or how it is protected.
- With the most frequent cybersecurity attack vector migrating from the network perimeter, directly to the individual user, everyone who touches technology can be a point of exposure.

As such, cybersecurity strategies require a new approach to identify where critical information exists that needs to be protected, a new way of foreseeing and deterring the threats that could result in the theft of information or the loss of funds, and a new way to understand the overarching corporate risk associated with cyber-attacks.

Understanding your baseline exposure to cyber threats is a critical best practice. An annual security and vulnerability risk assessment should be performed that identifies and evaluates exposures, hazards and/or potential for breach that could negatively impact an organization's ability to conduct business. These assessments help to identify the inherent cyber risks and provide measures, processes and controls to reduce the impact of these risks to business operations. From this assessment you should

identify and locate personal/confidential information and understand how this information is secured and gain a clear understanding of potential for exposure. Risk mitigation plans should be designed to tighten areas of exposure and establish stronger security protocols. Limited resources will be applied to the areas most in need of protection.

As a key component to building and maintaining a resilient culture of cybersecurity, strengthening employee cybersecurity awareness through focused training will be a critical component of an organization wide cybersecurity initiative. Progressive ways of assessing how employees respond to targeted threats through phishing simulation attacks can proactively identify areas of exposure, reinforce learning objectives, identify training opportunities, and help identify missing security protocols.

BlumShapiro offers a range of services to assess your company's cybersecurity strategy and develop a plan to mitigate risk. It can start with a short educational session for employees. We also offer a portfolio of Implementation services to help mitigate overall risks.

### **Future Accounting Standards and Industry Developments**

*NOTE: Due to COVID-19, the GASB has delayed the implementation dates of these standards by at least 12 months. The dates below reflect the new implementation date.*

#### **Industry Developments - Current Year - June 30, 2020 - Accounting Standards**

- None

#### **Industry Developments - Future Accounting Standards - June 30, 2021**

- **GASB Statement 84 – Fiduciary Activities** This statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
- **GASB Statement 90 – Majority Equity Interests** This statement defines majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment, and measured using the equity method unless it is held by a special-purpose government engaged only in fiduciary activities and then would be measured at fair value.
- **GASB Statement 92 – Omnibus 2020** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Effective upon issuance:

- Clarification of the effective date of GASB Statement 87, Implementation Guide 2019-3
- Risk financing and insurance-related activities of public entity risk pools reinsurance recoveries
- Terminology used to refer to derivative instruments

## Industry Developments - Future Accounting Standards - June 30, 2022

- **GASB Statement 87 – Leases** This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.
- **GASB Statement 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period** This statement requires interest cost incurred before the end of a construction period to be expensed in the period in which the cost is incurred.
- **GASB Statement 92 – Omnibus 2020** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.
  - Intra-entity transfers of assets between a governmental employer or nonemployer contributing entity and a defined benefit pension plan or a defined benefit other postemployment benefit (OPEB) plan that are within the same financial reporting entity
  - Reporting assets accumulated for defined benefit postemployment benefits provided through plans that are not administered through trusts that meet specific criteria
  - Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
  - Nonrecurring fair value measurements
- **GASB Statement 93 – Replacement of Interbank Offered Rates** This statement addresses the issued raised about how the London Interbank Offered Rate (LIBOR) was determined and its expected cessation by the end of 2021. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021 (June 30, 2022 or December 31, 2022). *This statement is also not included in the ED to delay implementation of various standards and implementation guides.*

## Industry Developments - Future Accounting Standards - June 30, 2023

- **GASB Statement 91 – Conduit Debt Obligations** - Conduit debt obligations are debt instruments issued by a state or local government to provide financing for a specific third party, which is primarily liable for repaying the debt instrument. The GASB's existing standards, Interpretation No. 2, Disclosure of Conduit Debt Obligations, allowed variation in practice among governments that issue conduit debt obligations, which adversely affects the comparability of financial statement information. The variation arose from the option for government issuers either to recognize conduit debt obligations as their own debt or to disclose them.

Statement 91 eliminates the option for government issuers to recognize conduit debt obligations, thereby providing a single method of reporting;

Although government issuers will no longer report conduit debt obligations as liabilities, they may need to recognize a liability related to commitments they make or voluntarily provide associated with that conduit debt. Statement 91 requires a government issuer to recognize a liability if qualitative factors indicate that it is more likely than not that it will support one or more debt service payments for a conduit debt obligation.

## **Areas of Concerns**

- If you have any concerns that you would like to discuss with Blum Shapiro, we will make ourselves available either by phone or in person to discuss such concerns.

## DRAFT MINUTES

Members Present: Kochenburger (Chair), Shaiken

Other Council Members Present: Moran, Freudmann

Staff Present: Carrington, Trahan, Vincente

Guests: Christopher Wardrop, USI Insurance Services, LLC

1. Meeting called to order at 6:02 pm
2. Opportunity for Public Comment – None
3. Staff Reports – None
4. Approval of minutes for June 9, 2020

***Shaiken moved and Kochenburger seconded to approve the minutes of June 9, 2020 as presented. Motion passed unanimously.***

5. Liability Insurance Discussion – Christopher Wardrop from USI Insurance Services, LLC attended to answer outstanding questions regarding: exclusions for intentional acts, law enforcement liability coverage for Region 19, the cost of a \$15M excess liability coverage (vs. \$10M of coverage). The Committee also discussed investigating a claim for loss of revenues for the Community Center due to COVID-19 under the business interruption clause. Staff will report back to the Committee as more information is available.
6. Parks & Recreation – Director Trahan gave a brief overview of the financial statement projections in the Packet. Director Vincente reviewed the 3 options presented for the Silver Sneakers (SS) program. A discussion by the Committee followed. The Committee has requested that Director Vincente provide more details on how they propose to increase participation of the SS members, including not only how we would do this, but how would we evaluate whether we are being successful.
7. OPEB Trust Fund Policy – Director Trahan reviewed the Best Practices regarding Other Post-Employment Benefits (OPEB) published by the Government Finance Officers' Association (GFOA). Trahan noted that we have been following these best practices for over 10 years. The last piece that needs to be addressed is to have a written OPEB funding policy. Trahan will draft a policy for Finance Committee review for the next meeting.
8. Communications/Other Business/Future Agenda Items – Wrap up liability insurance discussion; financial projections for Director Vincente's operational recommendations for the Parks and Recreation Fund.
9. Adjournment. The meeting adjourned at 8:30pm.

***Shaiken moved and Kochenburger seconded to adjourn. Motion so passed.***

Respectfully submitted: Cherie Trahan, Director of Finance

## MEMO

**To:** Finance Committee  
**CC:** John C. Carrington, Interim Town Manager  
**From:** Cherie Trahan, Director of Finance  
**Date:** August 1, 2020  
**Subject:** **Liability Insurance**

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### Introduction

The Finance Committee discussed two insurance items at its July 14, 2020 meeting that need follow-up:

1. Potential claim for Business Interruption due to COVID-19 for Parks and Recreation
2. Increasing the Town's Excess Liability coverage from \$10M to \$15M.

### Business Interruption Claim:

Staff, working with Chris Wardrop from USI, Insurance Services, LLC to gather the necessary information to file a claim with CIRMA regarding the loss of revenue for the Parks & Recreation Fund. Chris has advised: *"While we are uncertain there is coverage since loss of revenue generally must be triggered by direct physical loss or damage to scheduled/covered buildings, we agreed to get a claim submitted to CIRMA to allow for a formal investigation. What will be needed is documentation including quantifying the loss of revenue compared to the same periods in the last 1-3 years, when the loss began, whether it is continuing, etc. Also with what facilities the loss of revenue is tied to, if applicable. This can be submitted as a new "LAP" claim under the CIRMA LAP claim address."*

### Excess Liability Coverage:

The Town, Board of Education and Regional School District 19 budgets for FY 2020/21 include funding for \$10M of Excess Liability Insurance Coverage. As explained by Chris Wardrop at the Committee's July meeting, it would cost an estimated additional \$8,000 - \$13,000 per year for the Town/Board of Education to increase the coverage to \$15M. It would cost an estimated additional \$6,000 - \$7,000 for Region 19 to increase their coverage to \$15M.

Three options for the Committee's consideration:

1. Leave our Excess Liability coverage as is at \$10M
2. Increase our coverage to \$15M for FY 2020/21 knowing that we need to identify additional funding for this cost.
3. Increase our coverage to \$15M beginning with FY 2021/22 and build the increased cost into the proposed budget.

I asked Chris Wardrop for some things you might want to consider to determine whether the increased cost is justified. Chris provided the following scenarios which occasionally happen across the country which have led to very large liability claims:

- Could the fire department, law enforcement, or even the DPW respond to a UCONN emergency, and later be sued for negligence either due to a catastrophic at fault auto accident, or "failure to respond on time" type incident?

- Could an error be made by a town engineer or inspector that contributes to a building or roadway defect and subsequent bodily injury?
- Could the town or school district fail to reasonably prevent an at-risk student or employee from causing a workplace/school violent act that leads to third party injury or worse?
- Could a town event, such as a parade or fireworks display, lead to multiple third party injuries?

An increase in coverage would normally be recommended by management and the increased cost would be presented through the budget. However, at the Finance Committee's recommendation, staff can pursue an increase in the coverage for the Town. The Mansfield Board of Education and Region 19 Board of Education would need to discuss whether they want to increase their coverage.

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# Mansfield Community Center

*Family, Fitness & Fun!*



## PRELIMINARY BUSINESS PLAN

# SILVER SNEAKERS PROGRAM ANALYSIS

Prepared by MPRD Staff

July 2020

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# DRAFT

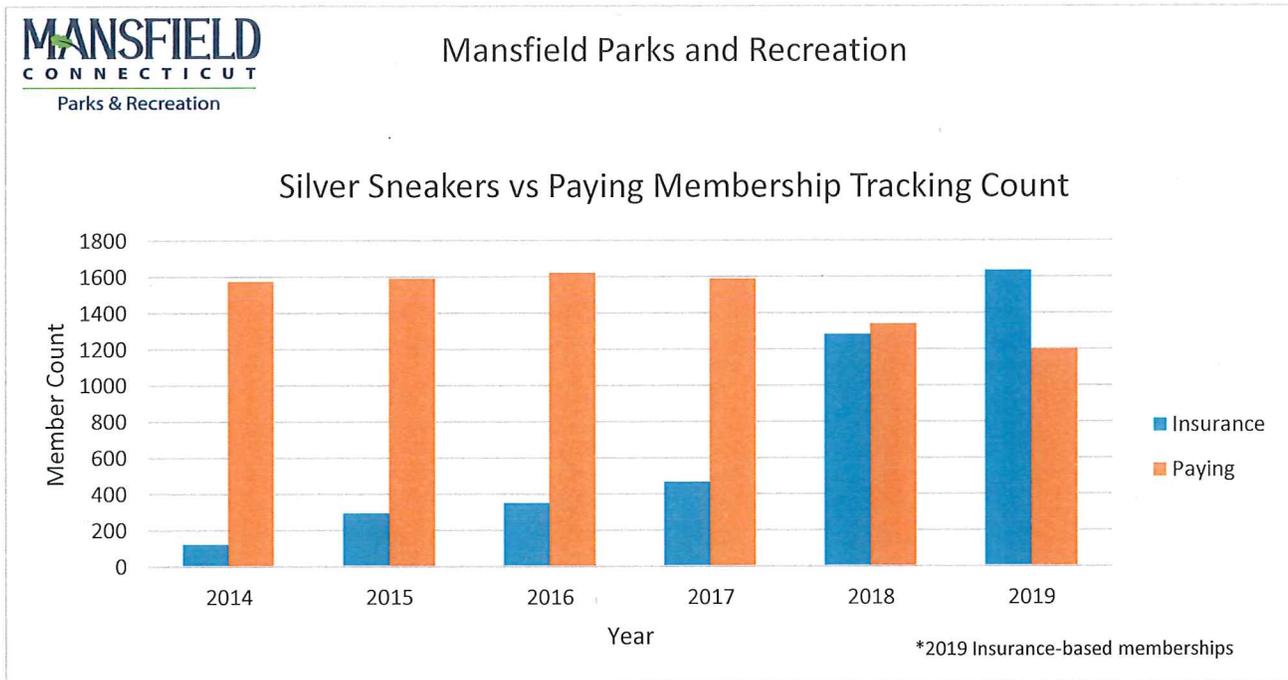
## I. INTRODUCTION

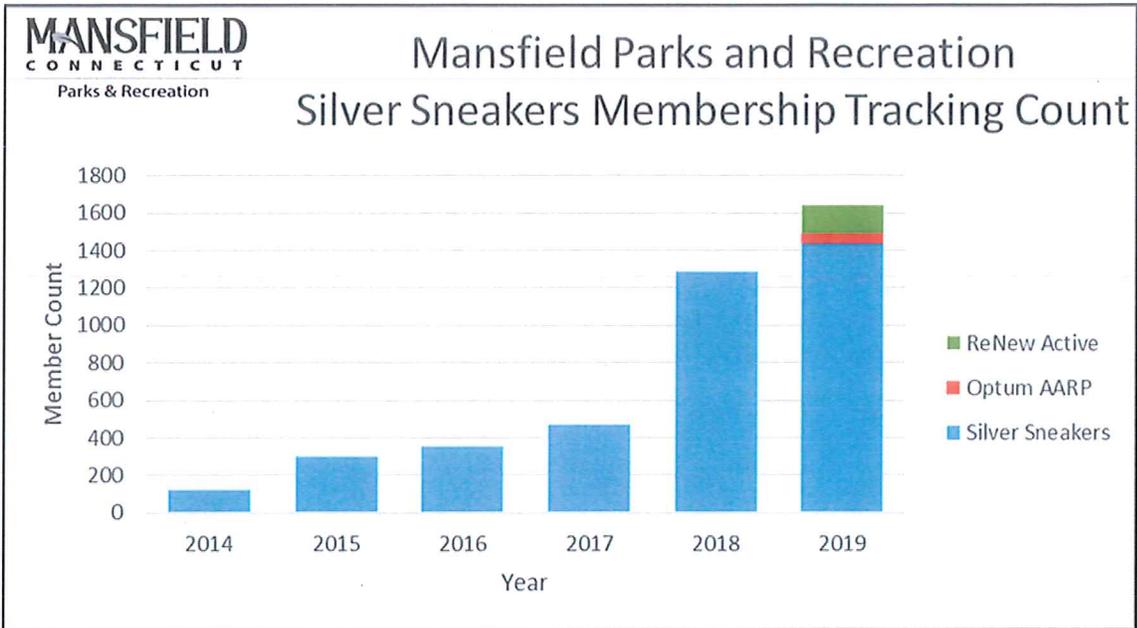
The Silver Sneakers program is an insurance benefit that provides free access to qualified fitness facilities. The program is managed by a third party company, Tivity Health, and the contract has existed since 2014.

This preliminary business plan is intended to provide information to the Town Council Finance Committee in order for them to discuss the future of the Silver Sneakers program.

## II. PROGRAM HISTORY

Over the last five years, since the insurance industry's shift to the Silver Sneakers program for many retirees, the Parks and Recreation fund has seen significant losses in revenue. While there is potential for positive revenue from the Silver Sneakers program if there was active participation from those who have the benefit, the reality has been that many people with this membership type end up not using this insurance benefit as much as it was intended. The Community Center is reimbursed \$3 per visit per member by a program management company on a monthly basis, with a maximum of \$30 or ten visits per person per month. The average revenue per person per month revenue has been less than \$7 per person per month. In comparison, a paying member would normally be a little over \$34 (resident individual rate) per person per month. As the graph below illustrates, the Silver Sneakers membership type (including a smaller portion of Renew Active participants) has far exceeded all other paying membership types at the Community Center. If the Silver Sneakers revenue was half of the revenue of a paying member or around \$17 per person per month, the fund balance would naturally grow and thus be fully sustainable under the current and proposed fiscal year.





III. PROGRAMMING ACTIVITY – past 1-3 years

DESCRIPTION	RESULTS	RECOMMENDATIONS
Additional educational seminars	Positive, however, mostly repeat customers, average attendance (15?)	Continue with focus on attracting new participants, consider offering snacks, beverage service with local, rotating sponsors, consider expanding offerings to include additional local medical practices.
Increased Silver Sneaker class offerings	Positive, however, mostly repeat customers	Requirement of program to have certified instructors, continue but look to decrease 13K annual expense by 50% if possible by utilizing PT employees and/or Recreation Supervisor; decrease use of independent contractors
Newsletter reminders to swipe in	Positive, open rate of 49%	Continue with general newsletter and create Silver Sneaker specific
Multiple free drop-in activities	Minimal impact on swipes	Discontinue the FitPass incentive program but continue some of the activities offered, consider a modified program.
FitPass Program	Kick-off event well attended. Full year of implementation resulted in low participation with the FitPass incentive program, but good attendance at many activities. Return on investment was minimal.	Discontinue the FitPass incentive program but continue some of the activities offered, consider a modified program.
Increased pickleball offerings	Positive. the group would like to see more time, however, multi-use space makes that very difficult without impact on other MCC interests.	Continue to offer and expand time as seasonally feasible

IV. NEW MARKETING/PROGRAMMING IDEAS

<b>NEW IDEAS</b>	<b>DESCRIPTION</b>	<b>GOAL</b>	<b>ADDITIONAL RESOURCES/EXPENSE</b>	<b>TARGET DATE</b>
Survey Silver Sneakers members by phone call	Quarterly, beginning with primary target group (1 or less swipes per month)	Gain additional information as to why not attending more, barriers, interests, needs	Significant Staff Time, majority by PT staff during low use time, survey created, implemented and managed by FT staff.	August 10-31
Silver Sneaker specific monthly newsletter	Focus on Silver Sneakers/insurance subsidized membership group, announcements and reminders of programs and services, health info, "how to tips", "Wall of Fame" attendance	Relationship build, attract, motivate and retain	Moderate staff time	Week of August 3
Senior Center collaboration (classes, personal training)	Implemented in December 2019, low/no interest, requires more time and effort, recommend continuing.	Attract both Senior Center participants and MCC members (wait listed for class or PT)	Moderate staff time	Post C-19
Increased program promotions	Further use of Silver Sneakers promotional resources such as welcome post card and benefits	Expand advertisement and promotions	Minimal staff time	August 2020
55+ active adult pamphlet	Highlighting programs for 55+	Update and revise for current market. Distribute online, in-house, new member packet, Senior	Moderate staff time. Created in-house	Week of 8/24

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		Center, Library, etc.		
New Member Welcome Packets	Provide Silver Sneakers key benefits, programs and resources guide in our distributed packets	Create Silver Sneakers specific welcome packet	Significant staff time.	September 2020
Virtual classes and personal training	Implemented during C-19 in late March. Continue to offer as long as programs qualify for reimbursement	Provide safe alternative during C-19 pandemic	Significant staff time	Implemented 3/2020
Companion orientations	Expand upon idea of current "Starting Strong" orientation, small group/companion orientation, consider utilizing other members, develop "Companion" volunteer group.	Minimize barriers, increase comfort and knowledge for new/low use members	Significant staff time	Post C-19
Decrease Silver Sneakers class instructor expense	Silver Sneaker instructor led classes cost 13-14K annually.	Decrease annual expense by 50% by utilizing PT employees and/or Recreation Supervisor instead of more costly independent contractors.	Evaluate options, Silver Sneaker classes require certified/Silver Sneaker trained instructors	Post C-19
Senior Fun Day	Trial classes of current and new programs and classes	To increase knowledge of our programs and services and attract Silver Sneaker members to participate	Significant staff time	?

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		more frequently.		
Senior swim team	Development of Senior Olympic Swim Club	Attract, increase use, retain	Moderate staff time	Post C-19
60+ drop in basketball	?	Attract, increase use, retain	Minimal staff time	?
Bocce, Corn Hole lawn games	Outdoors and Indoors	Increase participation	Minimal staff time	September 2020

## DRAFT

### V. INDIRECT/SUPPLEMENTAL IDEAS

The following are other areas that could be evaluated as part of the formula to make up deficit created by revenue loss of high conversion of full pay members to Silver Sneaker members:

1. Increase non-insurance subsidized member enrollment by attracting and retaining youth and family ;
2. Further attract and retain 23-45yr members, such as investing in addition of “Les Mills” or other similar commercial/affiliate online and in-house class products, include child watch program in membership fee.
3. Obtain grants and other funding sources to provide funds for new youth/family equipment;
4. Increase formal cross marketing relationships with local medical groups;
5. Consider value added inclusive classes to full pay membership purchase;
6. Consider multi-tier membership options, with Silver Sneakers as the basic membership level type;
7. Continue to annually negotiate with Silver Sneakers/Tivity Health;
8. Explore transportation options to assist seniors to MCC/SC classes;
9. Reach out to similar facilities in the area to collaborate in Silver Sneakers related challenges;
- 10.

VI. CHALLENGES

The following are identified as ongoing or new challenges:

1. COVID-19 - Has impacted all user groups. Senior population are being discouraged per state sector rules not to return at this time (foreseeably into late fall/early winter);
2. Number of true Silver Sneakers members of the 1635 - RecTrac, system last visit prior to March 2020;
3. Expenses related to attracting Silver Sneakers members - direct expense: 13-14K instructor expenses annually using past calendar year;
4. Multi Club Use By Silver Sneakers Members - First swipe of day is at first club, all other swipes do not count, Silver Sneakers members can and do visit other local facilities in addition to ours;
5. Opening of UConn Rec Center - added Silver Sneakers Option, opened Fall 2019;
6. Maintaining adequate focus on non-Silver Sneakers members and other MPRD services - Families, youth, full paying membership types, the more significant the efforts are to increase Silver Sneakers members facility use, the less time available to focus on full paying membership types;
7. Past wait lists for Silver Sneakers classes – Limited space, instructors availability and instructor expense;
8. Communication with local competitors who also offer Silver Sneakers to obtain their Silver Sneakers information and volume of use.

VII. SUMMARY/CONCLUSIONS

This report includes initial components of a business plan designed to lay the foundation for increased Silver Sneakers member participation. The Parks and Recreation Department/Community Center programs have been well received by the community and have a positive reputation for providing a high level of programming and instruction. Silver Sneakers memberships have become the largest membership type, placing a high demand on meeting the needs of this affinity group. As a result, time and resources have been committed to try to increase use of the facility by our low use Silver Sneakers members. While additional ideas have been identified for implementation, it will be important to closely evaluate the impact of department resources on other areas of Parks and Recreation operations.

The MPRD has an established foundation of programming and is well positioned to build upon the long tradition of programs and continue to meet the health and fitness needs of area residents. The positive reputation that the department has for programs and services to the community will contribute to the effort to obtain new revenues and help to sustain a strong membership base.

It is necessary for the Community Center to have a business model approach to its operation in order to maintain its self supporting focus. The successful management of a business-like operation should always embrace opportunities to expand. Staff are recommending continuance of the Silver Sneakers program at this time since the opportunities for revenue growth exists. This plan, although in draft stage, highlights ideas that could reverse the trend of low use by Silver Sneakers members.

Cancellation of the program would result in a dramatic loss in membership and cause a majority of Silver Sneakers members who would not return as a paying customer to find alternative options for their health and wellness activities.

There is great value added to the over-all quality of life in the area when programs and services that are available at the Community Center are available to residents.

APPENDIX

A – Silver Sneakers Analysis – Contract Cancellation vs.  
Increased Participation Scenarios (revised)

B – Silver Sneakers Survey (May 2020)

C –

## APPENDIX A

### Silver Sneakers Analysis – Contract Cancellation vs. Increased Participation Scenarios (revised)

MANSFIELD PARKS AND RECREATION DEPARTMENT				
Silver Sneakers Analysis				
Contract Cancellation vs Increased Participation Scenarios (rev. 7/30/20)				
Scenario 1 - cancel SS contract (requires 90 day notice)				
1 Silver Sneakers members		1,635		
2 percent indicated in survey who would return and pay if the SS program was cancelled		28%		
3 line 1 x line 2			458	
4 average membership fee collected from all membership types (excluding SS)				\$400.00
5 revenue from SS members who return and pay as regular member (line 3 x 4)				\$183,200.00
6 minus loss in annual SS revenue (avg. \$11,445 per month)				-\$137,340.00
7 net gain from cancelling SS contract (assuming survey is accurate)				\$45,860.00
<u>NOTES: A) total membership drops from 2,837 to 1,660 (2,837-1,635+458)</u>				
B) does not account for expenditure savings of \$13,000-15,000 for Silver Sneakers annual instructor costs, however, these free Silver Sneakers classes are driving a portion of the daily visits				
Scenario 2 - increase SS participation/visitation by an avg \$10 per month				
8 avg. SS monthly revenue per person				\$7.00
9 avg. SS monthly revenue (line 1 x line 8)				\$11,445.00
10 avg. SS annual revenue (line 9 x 12 months)				\$137,340.00
11 revenue if SS visitation/participation is increased from \$7.00 to \$17.00 (new revenue) (line 1 x \$10.00 per month x 12 months)				\$196,200.00
<u>NOTE - potential new revenue to help P&amp;R Fund become more sustainable</u>				
Scenario 3 - increase SS participation/visitation by an amount to offset contract cancellation				
12 amount of new revenue from increased visitation/participation needed to offset contract cancellation (line 7)				\$45,860.00
13 amount of new revenue needed from scenario 3 per month (line 12/12 months)				\$3,821.66
14 amount of new revenue needed from scenario 3 per SS member per month (line 13/line1)				\$2.34
15 minimum number of additional visits per SS member per month needed to offset contract cancellation		1		
16 new monthly revenue if each SS member visited 1 additional time per month (line 1 x \$3.00)				\$4,905.00
17 new annual revenue if each SS member visited 1 additional time per month (line 16 x 12 months)				\$58,860.00
18 difference between contract cancellation (scenario 1) and 1 additional visit per SS member per month (scenarios 3), (line 17 - line 7)				\$13,000.00
<u>NOTE - very realistic/attainable increase in visitation/participation to more than offset contract cancellation</u>				

APPENDIX B

Silver Sneakers Survey (May 2020)

## Silver Sneakers Member Survey Summary – 5.7.2020

526 responses

**Total Completed Surveys: 474**

**Partially Completed Surveys: 52** – this data was excluded from summary data outlined below EXCEPT for Question 1. Most of these 52 partially completed responses did not answer beyond the first question. 7 did not even answer the first question. Responses from this pool can be supplied upon request.

### Question 1: Approximately how often do you visit the Mansfield Community Center?

Results from all 526 responses:

	Number of Response(s)	Response Ratio
Every day/almost every day	35	6.6%
4-5 days/week	83	15.7%
2-3 days/week	207	39.3%
1 day/week or bi-weekly	111	21.1%
I do not use my Mansfield Community Center membership	83	15.7%
No Responses	7	1.3%
<b>Total</b>	<b>526</b>	<b>100%</b>

### Question 2: What time of day do you typically visit the Center?

- Indicated peak times:
  - 10am-12pm (42%)
  - 8am-10am (34.3%)
  - 12pm-3pm (19.2%)
- Other timeframes had less than 10% of responses reporting as their visit time.
- Responses from Question 1 who indicated they do NOT use their membership were not asked this question.

### Question 3: How long is your typical visit to the Center?

- 50% of responses indicated 1 hour visits
- 27.6% of responses indicated 2 hour visits

### Question 4: Which areas of the facility do you frequent?

- Question allowed for “multiple answers” selection.

- 73.4% of responses indicated Fitness Center/Track
- Next highest “use” areas were Therapy Pool (25.7%), Main Pool (24.5%), and Silver Sneakers Classes (22.1%)
- Basketball gym/Gymnasiums, Other Fitness Classes, and Sitting room had results in the teens
- Child Care and Teen Center each comprised <1% of responses

**Question 5: Which of the following programs (drop-in/free to members) offered by the Mansfield Community Center have you heard of or attended? Check all that apply.**

Answer	0%	100%	Number of Responses	Response Ratio
Coffee and Coloring			<a href="#">32</a>	12.8%
70 Going on 17			<a href="#">7</a>	2.8%
Group Track Walks			<a href="#">50</a>	20.0%
Book Club			<a href="#">23</a>	9.2%
Health and Fitness Seminars			<a href="#">137</a>	55.0%
FitPass			<a href="#">87</a>	34.9%
Pickleball			<a href="#">130</a>	52.2%
Futsal			<a href="#">2</a>	<1%
40+ Basketball			<a href="#">18</a>	7.2%
Starting Strong Fitness Orientation			<a href="#">57</a>	22.8%
		<b>Totals</b>	<b>249</b>	<b>100%</b>

- Response to this questions was not required.

**Question 6: Are you aware that the Community Center does not receive any insurance reimbursement if you do not visit the Center, or do not swipe your Community Center membership card at the start of your visit?**

- 42.8% of responses were not aware of the importance of visiting/swiping in.

Answer	0%	100%	Number of Responses	Response Ratio
Yes			<a href="#">271</a>	57.1%
No			<a href="#">203</a>	42.8%
No Responses			0	0.0%
		<b>Totals</b>	<b>474</b>	<b>100%</b>

**Question 7: Please select any of the following sources you use to locate information on the Mansfield Community Center (check all that apply)**

Answer	0%	100%	Number of Responses	Response Ratio
Mansfield Parks and Recreation Seasonal Program Brochures			<a href="#">338</a>	73.4%
Flyers around the Center			<a href="#">185</a>	40.2%
E-mail Newsletters			<a href="#">270</a>	58.6%
Facebook			<a href="#">40</a>	8.6%
Instagram			<a href="#">2</a>	<1%
Community Center Website			<a href="#">187</a>	40.6%
Town of Mansfield Website			<a href="#">97</a>	21.0%
WILL Radio			<a href="#">10</a>	2.1%
Willimantic Chronicle			<a href="#">43</a>	9.3%
Other ( <a href="#">View all</a> )			<a href="#">13</a>	2.8%
<b>Totals</b>			<b>460</b>	<b>100%</b>

- “Other” consisted primarily of “friends”.
  - Additional singular comments reflected instructors, personal trainers, and front desk.
  - One comment reflected challenges with the MCC website
- Response to this question was not required.

**Question 8: Regarding participation in Silver Sneaker classes (select all that apply):**

Answer	0%	100%	Number of Responses	Response Ratio
I am regularly registered for and participate in Silver Sneakers classes			<a href="#">79</a>	23.6%
I am occasionally on the wait-list for one or more Silver Sneakers classes			<a href="#">54</a>	16.1%
I am regularly on the wait-list for one or more Silver Sneakers classes			<a href="#">26</a>	7.7%
I regularly “drop in” to Silver Sneakers classes when space allows			<a href="#">23</a>	6.8%
I occasionally “drop-in” to Silver Sneakers classes, as my preference			<a href="#">36</a>	10.7%
I would attend Silver Sneakers classes held at another location (ex. Mansfield Senior Center)			<a href="#">55</a>	16.4%
I would attend more Silver Sneakers classes if they were available			<a href="#">119</a>	35.6%
I would pay to take programs that are similar in nature to Silver Sneakers classes			<a href="#">48</a>	14.3%
I currently pay to participate in other fitness programs at the Mansfield Community Center			<a href="#">71</a>	21.2%
Other ( <a href="#">View all</a> )			<a href="#">55</a>	16.4%
<b>Totals</b>			<b>334</b>	<b>100%</b>

- “Other” responses included (most prevalent first):
  - Member does not participate in classes
    - Lack of interest in group classes
    - Exercise independently/use pools
    - Inability to register/classes fill too quickly
    - Unaware of Silver Sneakers classes
    - Would attend Silver Sneakers pool classes/more variety
  - Participates in other (non-Silver Sneaker) group classes. Examples:
    - Pickle ball
    - Yoga
    - Swim Lessons
  - Utilize services at other gyms/independently
  - Center closed for pandemic shortly after joining
  - Does not participate for health reasons
- Comments – 121 comments
  - Many comments reflected points already referenced above in “other”
    - No desire to attend classes/member exercises independently
    - Frustration with registration process, classes filling, need for more classes
    - Lack of awareness of Silver Sneakers classes
    - Center closed after joining due to pandemic
    - Health challenges for themselves or family members prohibiting attendance
  - Several comments questioned the possibility of paying an additional fee or charge towards membership
    - Those referencing this expressed willingness to do so.
    - Some indicated full pay classes/memberships to be cost prohibitive.
  - Many comments expressed program importance for wellbeing.
  - A representative sampling of comments below:

“The Silver Sneakers classes have really enhanced my life. The exercise is great, but just as important is the camaraderie with other students in my classes, as well as the instructors. I live alone and since I retired, my life has become quite solitary. So its wonderful to see and talk to people of all ages on a regular basis. I love the track because it gives me an opportunity to walk regularly with one of my classmates no matter what kind of weather we’re experiencing.”

“This facility is very important to members of the Silver Sneakers program. Some of us pick our health care supplemental insurance based on this being available at the MCC. The pools are invaluable in keeping seniors healthy and active. Many of us meet there, make new friends and try new things offered by Silver Sneakers. Please keep this absolutely necessary program. Thank you”

“The variety does not excite me. It is too limited. I find the bubble in Tolland a much better fit. they don't charge for special programs and they have more variety.”

“I need the gym!! Otherwise all I do is stay at home and hurt myself with free weights. I would gladly pay for a membership the way we used to do if it were necessary.”

“I take a yoga class at Super Future Fitness in Willimantic with the same great yoga instructor (Sharon) and it costs me nothing through Silver Sneakers. It is easy to sign up for and it is welcoming and hassle-free (unlike the Mansfield Community Center).”

"I am 77 have had two hip replacements and a posterior lumber interbody fusion between L4 and L5 and L5 and S1. My regular program of lap swimming and weight training is 5 days per week. This enable me to keep riding my horses at a competitive level. So acces to the gym is imperative. The nearest alternative is in Vernon twice the distance from my home."

"in addition to the morning classes, the early-mid-afternoon time seems to be under-utilized and would appeal to me as a time slot for classes (classes starting at 2 or at 3) – I have other commitments on a couple of mornings and would consider attending additional classes if they were offered at those times. I am a very active 66 year old and started Silver Sneakers last year."

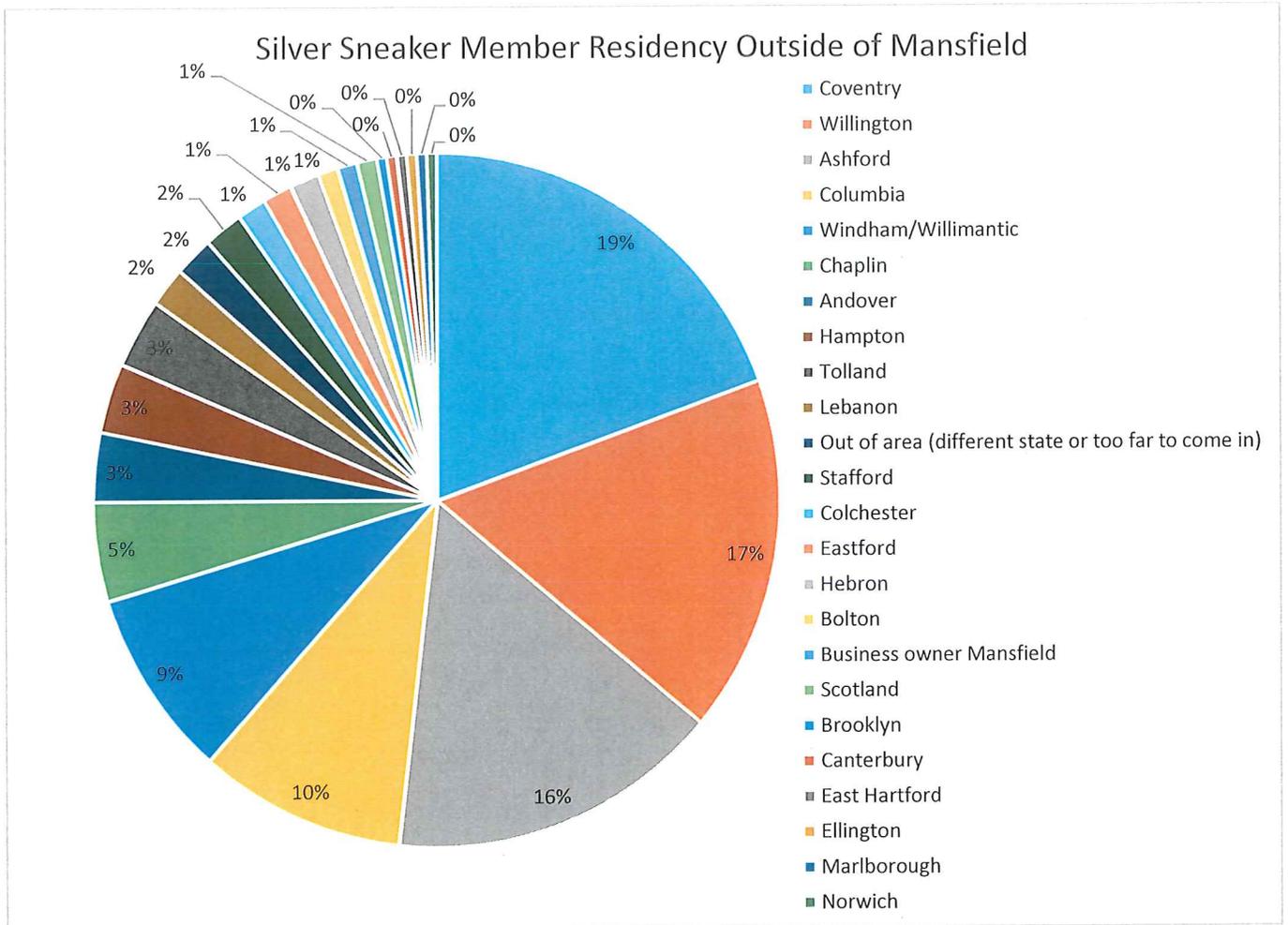
"I have taken various classes at MCC including functional strength, so I found the Silver Sneakers were not challenging enough for me. I do occasionally drop into such classes."

"I rely on the Community Center for aerobics/fitness classes as well as for the friendly interaction I have with class members and instructors. When we moved here from out of state it was the place I made my first friends."

"Silver Sneakers yoga got me started on yoga, which I will do for the rest of my life. It's especially helped me with sleep, the lack of which had been disabling. Also, I'm not sure I could afford a Center membership."

**Question 9: Are you a Mansfield resident?**

Answer	0%	100%	Number of Responses	Response Ratio
Yes			207	43.6%
No (please indicate town of residency below)			267	56.3%
No Responses			0	0.0%
<b>Totals</b>			<b>474</b>	<b>100%</b>



Representative sampling of comments below:

“Live in East Hartford CT but enjoy the therapy pool and regular pool as well as the track”

“If it weren’t for Silver Sneakers, I couldn’t afford Mansfield Community Center”

“Coventry. The program is a big part of my life. I have been thankful for it.”

“Canterbury CT and it is a 45 minute drive to get there. But I love the therapy pool but as a full time sub teacher, I have had no time to use it. When I stop teaching this year, I will have time to use it.”

"The community Center is a 'gem'. a much needed resource for our community"

"I live in the northeastern part of Coventry. And that's part of the reason we made a donation to the center, because as I've said I like the center and staff and it's very accessible to me (about 10-minute drive)."

"I live in Chaplin. I attend the aqua therapy class due to my doctor's recommendation."

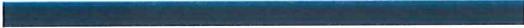
"I live in Willimantic and find it very convenient to go to Mansfield."

"Colchester. Excellent programs and facility!!"

"We, Susan Johnson and I, reside in Willimantic. As former town attorney of Mansfield for 14 years, including the time when the Center was built, we are committed to its continued success. It is a wonderful facility and we will be happy to do all we can to help you all including radio interviews on our Friday WILI talk show "Let's Talk About It.""

"Hampton, appreciate the opportunity to work out at the Mansfield Fitness Center. It is well run and has a lot to offer."

#### Question 10: Do you travel or live out of Connecticut for extended periods during the year?

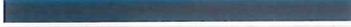
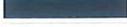
Answer	0%	100%	Number of Responses	Response Ratio
Yes			93	19.6%
No			374	78.9%
No Responses			6	1.2%
		Totals	474	100%

- Responses were not required
- 57 Comments. Travel frequency was widely varied, but most indicated travel to be between 2 weeks and 3 months. Longest travel lengths amounted to approx. 6 months annually.

#### Question 11: Are you a member of any other local clubs or fitness centers?

Answer	0%	100%	Number of Responses	Response Ratio
Yes			82	17.2%
No			392	82.7%
No Responses			0	0.0%
		Totals	474	100%

**Question 12: If the Mansfield Community Center did not offer Silver Sneakers, would you maintain you Mansfield Community Center membership?**

Answer	0%	100%	Number of Responses	Response Ratio
Yes			<a href="#">132</a>	27.8%
No			<a href="#">251</a>	52.9%
Other <a href="#">(View all)</a>			<a href="#">91</a>	19.1%
No Responses			0	0.0%
		<b>Totals</b>	<b>474</b>	<b>100%</b>

- Approximately half of responses who provided a definitive “yes/no” indicated they would maintain a membership
- Overall only 27.8% definitively said, “yes”
- “Other” responses ranged from “probably not”, “not sure”, “maybe”, “probably”
  - some indicated they would pay to participate in classes, but not necessarily maintain membership.
  - Many referenced affordability as a concern
- Comments: 115 (Random sampling below).
  - Comments overwhelming spoke to concerns over membership affordability for seniors.

“Would have to check out all options. I did look at 3 silver sneakers fitness centers and found that Mansfield community center was the best fit for me. Being retired I have that whole fixed income thing that I gave to take into consideration.”

“Live too far away in Hampton CT”

“There is no way that I could afford your membership! I can barely afford to pay for the 3 classes I take!”

“It is very expensive for a single retired person. Depends on the cost. I usually just walk as classes are full that I Wish to take...so to pay to walk ... Really need to think about that.”

“I pay for classes, regular fitness classes. If I were to have to pay regular dues in addition to the regular fitness classes that I pay for I would have to let go of my membership.”

“I could not afford your out-of-town membership fees.”

“Yes, I would ABSOLUTELY maintain my membership if I had to pay for it.”

“Too expensive for us. And we would miss the exercise that we get there. I have noticed that I feel much better when I exercise. Since Covid 19, not being able to get out to exercise I notice that I don't feel as energetic and I miss the visiting and social aspect of pickle ball.”

“Depends. If there was a fee just to play pickle ball, I would pay.”

“I would happily pay a senior discounted price for membership.”

“I don't understand why the MCC should be expected to cover salaries for their workers during the quarantine period when the library, senior center, town hall, senior center and all the other depts that are closed aren't expected to cover salaries. We understand that these are exceptional times in which we live. I'm guessing that the biggest cost in the MCC budget is salaries, just as is the case for all other departments. Laying off staff won't help the situation we are in any more than layoffs anywhere else in town service would accomplish. I hope that there can be some equality in distributing the unusual burdens everybody is experiencing.”

**Question 13: What would encourage you to visit the Center more frequently? (check all that apply)**

Answer	0%	100%	Number of Responses	Response Ratio
More Silver Sneakers classes			172	46.9%
More health lectures/seminars			93	25.4%
More social activities			38	10.3%
Bring-a-Friend days			40	10.9%
Workout-buddy program			32	8.7%
Fitness Center Orientation			63	17.2%
Swim Clinics			67	18.3%
Wider variety of basketball gym drop-in programs (ex. Badminton, volleyball, etc.)			11	3.0%
Other ( <a href="#">View all</a> )			64	17.4%
<b>Totals</b>			<b>366</b>	<b>100%</b>

- Responses were not required.
- All "Other" responses listed below:

I have a pretty set routine, so none of the above  
 Group classes in the fitness therapy pool  
 tai chi and chi gung for recovering health  
 I don't need any further motivation  
 longer lap swim hours  
 just need to work it in my schedule  
 Longer Novice pickleball sessions  
 Art or Craft classes  
 My body working better.  
 NRA - Classes  
 More bikes but not spin bikes. .  
 I cannot drive at night so have not been able to go to evening presentation. fo  
 Other outdoor programs  
 Things for wherlchair bound adults  
 If I had more energy and motivation to get there  
 I go as as much as I would ever go  
 The Center needs a good cleaning and sprucing up. Locker rooms need attention.  
 Travel lectures.  
 More frequent visits to Storrs.  
 my wife would come for a mid-morning Zumba class 3 times a week  
 more therapy guided exercises.  
 conflict with swim lessons  
 Pool schedules change and are inscrutable  
 More Pickelball times  
 gentle yoga later in the morning

More safe classes for people with dementia

Special classes

maybe more yoga classes

Warmer main swimming pool

Nothing

More personal time

skiing

Pleased with current activities

If I lived in Ct. I would like to utilize the health lectures

More equipment

Bicycle repair classes

APPENDIX C

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**TOWN OF MANSFIELD  
OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUNDING POLICY  
DRAFT – August 11, 2020**

**A. Introduction**

The purpose of the Other Post-Employment Benefits (OPEB) Funding Policy (“Policy”) is to establish a methodology for funding benefits obligations accruing under the Town of Mansfield’s Other Post- Employment Benefit Plan (the “Plan”). It is anticipated that current assets plus future assets from employer contributions and investment earnings should be sufficient to fund Plan benefits. The Policy is intended to reflect a reasonable, conservative approach with each generation of taxpayers financing, to the greatest extent possible, the cost of pension benefits being accrued. This Policy recognizes that there will be investment market place volatility and that actual economic and demographic experience will differ from assumed experience. Accordingly, this Policy is intended to provide flexibility to smooth such volatility and experience in a reasonable, systematic, and financially sound manner. Further, it is the intent that this Policy comply with all applicable laws, rules and regulations (collectively “Laws”). In the event that this Policy conflicts with any such Law, the applicable Law shall prevail.

**B. Policy Funding Objectives**

The primary funding objectives of this Policy, in order of importance, are to:

1. Provide sufficient assets to permit the payment of all benefits under the Plan.
2. Maintain equity among generations of taxpayers by:
  - a. Establishing improvement, on a projected basis, in the Plan’s Funded Ratio, as defined in Section E, such that it approaches 100% over a given period of time;
  - b. Amortizing the Unfunded Actuarial Accrued Liability, as defined in Section E, over fixed periods, specified below.
3. Minimize the volatility of the employer’s annual contributions by smoothing investment gains and losses over a period of years. Smoothing investment returns over a period of years recognizes that investment performance will fluctuate, and only by coincidence will it exactly equal the assumed rate of return for any given year. It is anticipated that this approach may reduce volatility within the calculation of the Unfunded Actuarial Accrued Liability.

**C. Funding Guidelines**

This Policy establishes guidelines for setting the employer contribution rate.

1. Actuarial Valuations

The Plan's actuary shall conduct an actuarial valuation biennially, based on actual Plan data, to determine funding progress as well as employer contributions for the following two fiscal years.

2. Contribution Rate

Coordination of the Plan's Funding and Investment Policies will attempt to minimize the volatility of the employer's contribution.

- a. The Town may consider placing into the Trust a portion of any one-time revenues.
- b. The Town may consider placing into the Trust a portion of any Health Insurance Fund surplus as defined in the Health Insurance Fund Reserve Policy.
- c. The Town may consider placing into the Trust a portion of any year-end surplus in excess of the Town's Fund Balance Reserve Policy.
- d. The Town will seek to pay down the unfunded liability annually.
- e. For the purposes of the calculation, investment return assumptions will be evaluated by an independent pension investment advisor on a regular basis (at a minimum of every two years), and should reflect the nature of the investments held in the Plan, and the historical and projected return rates anticipated for the investments.

**D. Assumption Guidelines**

- 1. The actuarial assumptions are determined to align the funding of the Plan with actual demographic, healthcare and economic experience, thus providing stability to the contribution rate over time. It is expected that actual experience will deviate from the actuarial assumptions and Experience Gains and Losses will occur. These gains (or losses) will reduce (or increase) future contributions.
- 2. Actuarial Assumptions are generally grouped into two major categories:
  - a. Demographic assumptions - which include withdrawal (termination), retirement, disability, and mortality rates, as well as assumptions regarding beneficiaries.
  - b. Economic assumptions - which include inflation, healthcare inflation and investment return.
- 3. The assumptions for OPEB funding are to maintain consistency, where appropriate as determined by the Town.
- 4. As part of the biennial OPEB valuation process, the actuary will also provide advice to the Town and recommend non-pension assumptions, such as increases in healthcare costs.

## **E. Transparency and Reporting**

Funding of the Town's OPEB should be transparent to all parties including Town employees, retirees, recognized employee organizations, the Town Council and Mansfield residents. In order to achieve this transparency, the following information shall be available:

1. Copies of the biennial actuarial valuations for the City's OPEB plan shall be made available to the Town Council.
2. The Town's Comprehensive Annual Financial Report (CAFR) shall be published on its website. This report includes information on the Town's OPEB plan, contributions to the OPEB Trust, and the funded status of the plan.
3. The Town's annual operating budget shall include appropriations for contributions to the OPEB Trust and pay-go costs.

## **F. Review of Funding Policy**

Funding OPEB requires a long-term plan. The Town will review this policy annually and make changes as necessary. Biennially checking the actuarial valuations to determine if changes to this policy are necessary to ensure adequate resources are being accumulated to fund OPEB.

## **G. Glossary of Terms**

**Actuarial Cost Method:** The technique used to allocate costs to various time periods.

**Actuarial Accrued Liability (AAL):** The portion of the Present Value of Projected Benefits that is attributed to past years of service by the Actuarial Funding Method. The AAL serves as a funding target at any given point in time.

**Actuarial Value of Assets:** The smoothed value of assets used by the actuary in the actuarial valuation, for the purpose of reducing the impact of market fluctuations on the employers' contribution rate.

**Entry Age Method:** An Actuarial Cost (or funding) Method that determines the plan's Normal Cost as a level percentage of pay over the working lifetimes of plan members.

**Experience Gains and Losses:** The difference between the experience anticipated by the actuarial assumptions and the plan's actual experience during the period between valuations. If actual experience is financially more favorable to the Plan, it is a Gain, (e.g., higher investment return than expected). If actual experience is financially less favorable to the Plan, it is a Loss, (e.g., lower investment return than expected).

**Funded Ratio:** A measure of the ratio of plan assets to the Actuarial Accrued Liability (funding target) of the Plan. Plan assets can be the Market Value of Assets or the Actuarial Value of Assets.

**Market Value of Assets:** The total fair value of fund assets as reported in the Plan's financial statements.

Normal Cost: The portion of the Present Value of Projected Benefits that is attributed to the current year by the Actuarial Funding Method. Also referred to as the Annual Benefit Cost.  
Unfunded Actuarial Accrued Liability (UAAL): The portion of the Actuarial Accrued Liability not covered by plan assets. It is calculated by subtracting the Actuarial Value of Assets from the Actuarial Accrued Liability.

All aspects of this Policy and the individual factors in the calculation of the annual employer contribution rate which is the result of the above process are subject to the review and approval of the Town Council and are subject to change, in whole and in part, if deemed appropriate and in the best interests of the Plan sponsor and participants.



**TOWN OF MANSFIELD**  
**HEALTH INSURANCE FUND: RESERVE POLICY**  
**November 25, 2019**

**I. HEALTH INSURANCE FUND**

The Health Insurance Fund is an internal service fund used to account for the financial activity associated with providing health insurance to current and former employees for the Town of Mansfield, Mansfield School District, and Regional School District 19 (Partners). Related agencies, such as the Eastern Highlands Health District and the Mansfield Downtown Partnership may also participate in the health insurance pool. Employer, employee, and retiree payments for health insurance are recorded in this fund as well as disbursements for claims and administration expenses. The Town of Mansfield is considered “self-insured” for employee health insurance claims, but like most organizations, purchases “stop-loss” insurance that essentially caps the Town’s liability for an individual’s claims in a fiscal year (currently, our cap is \$175,000 per enrollee); above that amount, the stop-loss insurer takes over.

This Policy document is meant to guide Town staff, Partners and board and commission members on managing the necessary reserves for the Health Insurance Fund and to provide information to the public on the Fund and reserving policies.

**II. PURPOSE**

The Health Insurance Fund (Fund) maintains a reserve for two potential liabilities:

- A. The Town’s third party administrator, benefits consultant and the finance director estimates the likely cost of medical claims covered by the health insurance plans negotiated for the upcoming plan year and the health insurance premiums needed to cover these claims and plan administrative costs. While these projections are based on carefully calculated actuarial assumptions, they are not, and never can be, guaranties of future claim costs. Accordingly, the Town’s advisor recommends a reserve amount to cover claim costs that exceed the actuarial projections in a given year.
- B. The second potential liability is “Claims Incurred but not Reported” (IBNR). IBNR is a feature of all insurance plans and reflects the fact that after the conclusion of a policy year, there will have been claims that have occurred and will be owed under the insurance plan, but not yet reported to the insurer or benefits administrator. This second potential liability is estimated to be 25% of current claims and would be applied to IBNR claims as needed.

**III. APPLICABILITY**

This policy applies to the Town-administered shared Health Insurance Fund as defined in Section I, Policy and the Fund’s Partners. The related agencies, such as Eastern Highland Health District (EHHD) and the Mansfield Downtown Partnership purchase their insurance through the Health Insurance Fund, but are not considered partners and this policy is not applicable to them.

#### **IV. FUND ADMINISTRATION**

The Town of Mansfield administers a Health Insurance Fund to account for all financial activity associated with employee medical benefits for the Partners and related agencies.

- A. Revenue to this fund shall include employer contributions from the Partners and related agencies, employee premium share amounts, investment earnings, rebates and any other miscellaneous items relating to the administration of the health insurance benefits program.
- B. Expenditures from this fund will include expenses necessary for the maintenance and administration of the health insurance benefit program, including, but not limited to, covered employee medical, pharmaceutical and dental claims, administrative services fees, actuarial, consulting and legal fees, stop loss insurance and any other fees incurred on behalf of participating employees of the Partners and related agencies health insurance programs.

#### **V. CONSIDERATIONS**

There are two main costs to a self-insured plan: fixed annual costs and variable costs. The fixed annual costs include administrative fees, any stop-loss premiums, and any other set fees charged per employee. These costs are billed monthly by the plan administrator or carrier, and are charged based on plan enrollment. The variable costs are largely the payment of health care claims. These costs vary from month-to-month based on health care use by covered persons (e.g. employees and dependents) and the health care providers' billing practices.

#### **VI. TARGET RANGE FOR FUND**

The Town will maintain a reserve in the self-insured Health Insurance Fund equal to the greater of: (1) thirty percent (30%) of the most recent 36 month rolling 12-month average of claims experience, or (2) four times the monthly average of the most recent fiscal year claims experience. The purpose of the rolling average is to eliminate high or low claims experience in any given year and to provide for a longer-term calculation for a more accurate experience analysis. The Town's benefits consultant concurs, based on industry standards and experience, this is an appropriate reserve amount.

#### **VII. PROCEDURE FOR USE**

The Town Manager can approve the regular, routine, and anticipated expenditure from the Fund for Partners and related agencies. The Town Manager will recommend to the Town Council, for approval by resolution, the use of the Fund for any non-health insurance-related use.

#### **VIII. MAINTENANCE OF FUND BALANCE**

If the fund falls below this policy-designated target level, the Town Manager or Finance Director will promptly notify the Town Council and Partners. Partners shall first use any prior year surplus or excess General Fund Unassigned Fund Balance (according to the Fund Balance Policy) in future years to replenish the Health Insurance Fund until it reaches the policy target level. The Town must be diligent in ensuring the replenishment of the Health Insurance Fund prior to expending the Health Insurance Fund for non-health insurance purposes.

Any deficiency or surplus will be prorated between the Partners based on each entity's current enrollment in the health insurance pool.

- A. Deficiencies. When the Health Insurance Fund falls below the required level, as stated in this policy, it will be replenished within the following time periods:

- Deficiency resulting in a year-ending fund balance between 25% and 30% percent of fund expenditures shall be replenished over a period not to exceed one (1) year
  - Deficiency resulting in a year-ending fund balance between 20% and 24.99% percent of fund expenditures shall be replenished over a period not to exceed three (3) years
  - Deficiency resulting in a year-ending fund balance less than 20% percent of fund expenditures shall be replenished over a period not to exceed five (5) years
- B. Surplus. When the Health Insurance Fund exceeds the required level, as stated in this policy, the excess may be used by each Partner for the following purposes:
- Maintenance of employee premiums for the following plan year
  - Supplement the Partner's annual retiree benefits obligation (up to 100% funded)
  - Non-health related uses, with approval by vote of the respective Partner's governing body.

#### **IX. ANNUAL REVIEW**

Fund levels will be adjusted annually in accordance with this policy. Fund levels will be set at the end of each fiscal year in conjunction with the preparation of the Town's annual financial statements.



**TOWN OF MANSFIELD**  
**HEALTH INSURANCE FUND: RESERVE POLICY**  
**November 25, 2019**

**I. HEALTH INSURANCE FUND**

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- B. The second potential liability is “Claims Incurred but not Reported” (IBNR). IBNR is a feature of all insurance plans and reflects the fact that after the conclusion of a policy year, there will have been claims that have occurred and will be owed under the insurance plan, but not yet reported to the insurer or benefits administrator. This second potential liability is estimated to be 25% of current claims and would be applied to IBNR claims as needed.

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#### **V. CONSIDERATIONS**

There are two main costs to a self-insured plan: fixed annual costs and variable costs. The fixed annual costs include administrative fees, any stop-loss premiums, and any other set fees charged per employee. These costs are billed monthly by the plan administrator or carrier, and are charged based on plan enrollment. The variable costs are largely the payment of health care claims. These costs vary from month-to-month based on health care use by covered persons (e.g. employees and dependents) and the health care providers' billing practices.

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- B. Surplus. When the Health Insurance Fund exceeds the required level, as stated in this policy, the excess may be used by each Partner for the following purposes:
- Maintenance of employee premiums for the following plan year
  - Supplement the Partner's annual retiree benefits obligation (OPEB - up to 100% funded)
  - **Non-health related uses, with approval by vote of the respective Partner's governing body.**

#### **IX. ANNUAL REVIEW**

Fund levels will be adjusted annually in accordance with this policy. Fund levels will be set at the end of each fiscal year in conjunction with the preparation of the Town's annual financial statements. Material changes to this policy will be given to the Partners 30 days in advance of implementation.

**Town of Mansfield  
Preliminary Results  
FY 19/20**

	<u>Over/(Under) Budget</u>
<b>Revenues - Key Drivers:</b>	
Conveyance Taxes	\$ (31,445)
Interest Income	236,113
Prior Year Taxes/Interest/Fees	(32,713)
Suspense Collections/Fees	(11,194)
Fire Safety Code Fees	44,225
Building Permits	113,756
Housing Permits	14,520
Building Fines	25,008
PZC Consultant Fee Reimbursements	38,268
Education Equilization Grant	50,410
Miscellaneous Variances	(6,898)
<b>Total Net Revenue Surplus</b>	<b>\$ 440,050</b>
	<u>Under/(Over) Budget</u>
<b>Expenditures - Key Drivers:</b>	
Attorney Fees	\$ 14,761
General Elections - no budget referendum, town meeting	60,061
Assessment - Prof. Tech. Services, Prof Development	12,659
Police Services - reduction in benefits charge from State, increase in OT	142,569
Animal Control - Part-time salaries, Veterinary Services	18,426
Fire Prevention - Water hydrants, Prof Development	25,976
Fire & Emergency Services - vehicle repairs & parts, prot. clothing	36,302
DPW - Supplies/Materials, Auto parts, salary savings (engineering)	57,353
Building & Housing Inspection - Part-time salaries, Prof Dev, Ref Books	13,844
Facilities - Salaries, overtime	34,856
Human Services - Fee waivers, salaries	54,033
Library Services - Part-time salaries	29,114
Planning & Development - Reimbursable Consulting Fees & Salaries	(62,145)
Employee Benefits - MERS	(22,062)
Contingency - Balance following salary transfers	139,290
Miscellaneous Variances	21,623
<b>Total Net Expenditure Surplus</b>	<b>\$ 576,660</b>
<b>Recommended Adjustments:</b>	
Entire Revenue Surplus roll to Fund Balance	<u>\$ 440,050</u>
<u>Increase Transfers Out as follows:</u>	
To Parks & Recreation Fund (per discussion with Finance Committee)	\$ 252,000
To Capital Projects to fund Lenard Hall Overrun	159,000
To Capital Projects to fund Asbestos Siding & Lead Paint Abatement @ Library	125,000
To Capital Projects for priority items tbd	40,000
<b>Estimated Recommended Use of Expenditure Surplus</b>	<b>\$ 576,000</b>

**Town of Mansfield  
General Fund**

**Preliminary Schedule of Changes in Fund Balance - Budgetary Basis**

**For the Year Ended June 30, 2020**

Assigned					\$ 21,771
Undesignated					<u>6,937,853</u>

Fund Balance, July 1, 2019					\$ 6,959,624
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	Original Budget	Proposed Amendment	Final Budget	Estimated Actual	Budget Comparison	
Total revenues and transfers in	\$ 53,872,970	\$ -	\$ 53,872,970	\$ 54,313,020	\$ 440,050	
Appropriation of fund balance						
Total appropriation, transfers in	<u>53,872,970</u>	-	<u>53,872,970</u>	<u>54,313,020</u>	<u>440,050</u>	
Total expenditures and transfers out:						
Town	19,126,680	-	19,126,680	19,126,680	-	
Mansfield Board of Education	23,637,850		23,637,850	23,637,850	-	
Contribution to Region #19 Board of Ed	<u>11,108,440</u>		<u>11,108,440</u>	<u>11,108,440</u>	-	
Total expenditures	<u>53,872,970</u>	-	<u>53,872,970</u>	<u>53,872,970</u>	-	
Results from budgetary operations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,050</u>	<u>\$ 440,050</u>	<u>440,050</u>
Fund balance, June 30, 2020						<u><u>\$ 7,399,674</u></u>
Fund balance:						
Assigned Fund Balance						\$ 21,771
Unassigned Fund Balance - 13.7% of FY 19/20 Expenditures						<u>7,377,903</u>
Total Fund Balance - 13.7% of FY 19/20 Expenditures						<u><u>\$ 7,399,674</u></u>