

JUNE 30, 2018
ACTUARIAL VALUATION OF
THE POST RETIREMENT BENEFITS PLAN
OF
THE TOWN OF DUXBURY



TABLE OF CONTENTS

<u>Section</u>	<u>Item</u>	<u>Page</u>
SECTION I	OVERVIEW	1
SECTION II	EXECUTIVE SUMMARY	3
SECTION III	MEDICAL PREMIUMS	4
SECTION IV	BREAKOUTS	5
SECTION V	SCHEDULE OF EMPLOYER CONTRIBUTIONS	6
SCHEDULE A	ACTUARIAL ASSUMPTIONS AND METHODS	8
SCHEDULE B	SUMMARY OF PROGRAM PROVISIONS	14
SCHEDULE C	CONSIDERATIONS OF HEALTHCARE REFORM	15
SCHEDULE D	GLOSSARY OF TERMS.....	16

SECTION I - OVERVIEW

The Town of Duxbury has engaged Sherman Actuarial Services, LLC (SAS) to prepare an actuarial valuation of their post-retirement benefits program as of June 30, 2018. This valuation was performed using employee census data, enrollment data, claims, premiums, participant contributions and plan provision information provided by personnel of the Town of Duxbury. SAS did not audit these data, although they were reviewed for reasonableness. The results of the valuation are dependent on the accuracy of the data.

The purposes of the valuation are to analyze the current funded position of the Town's post-retirement benefits program, and determine the level of contributions necessary to assure sound funding.

This report is based on the participant data as of June 30, 2018, the plan provisions, and the health plans offered as of June 30, 2018.

The Town has started partially prefunding the obligation. The funding report uses a 7.5% discount rate for determining the funded status and a funding schedule.

Section II provides a summary of the principal valuation results. Section V provides a projection of funding amounts.

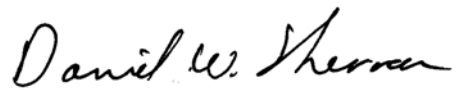
While the actuary believes that the assumptions are reasonable for financial reporting purposes, it should be understood that there is a range of assumptions that could be deemed reasonable that would yield different results. Moreover, while the actuary considers the assumption set to be reasonable based on prior plan experience, it should be understood that future plan experience may differ considerably from what has been assumed.

The report was prepared under the supervision of Daniel Sherman, an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries, who takes responsibility for the overall appropriateness of the analysis, assumptions and results. Daniel Sherman is deemed to meet the General Qualification Standard and the basic education and experience requirement in the pension area. Based on over twenty years of performing FAS 106 valuations of similar complexity, Mr. Sherman is qualified by experience in retiree medical valuation. Daniel Sherman has met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I am available to answer questions about this report.

Respectfully Submitted,

SHERMAN ACTUARIAL SERVICES, LLC

A handwritten signature in black ink that reads "Daniel W. Sherman". The signature is written in a cursive style with a large, stylized 'D' and 'S'.

Daniel Sherman, ASA, MAAA

November 5, 2018

Date

SECTION II - REQUIRED INFORMATION

	7.50%	7.50%	
	June 30, 2018	June 30, 2016	Difference
a) Actuarial valuation date			
b) Actuarial Value of Assets	\$ 2,268,765	\$ 1,456,925	\$ 811,840
c) Actuarial Accrued Liability			
Active participants	\$ 15,268,822	\$ 14,187,746	\$ 1,081,076
Retired participants	18,532,279	19,127,157	-594,878
Total AAL	\$ 33,801,101	\$ 33,314,903	\$ 486,198
d) Unfunded Actuarial Liability "UAL" [c - b]	\$ 31,532,336	\$ 31,857,978	\$ -325,642
e) Funded ratio [b / c]	6.7%	4.4%	2.3%
f) Annual covered payroll	\$ 43,798,076	\$ 42,615,993	
g) UAL as percentage of covered payroll	72.0%	74.8%	
h) Normal Cost for fiscal year 2018	\$ 733,986	\$ 692,787	\$ 41,199
i) Amortization of UAL for fiscal year 2018 *	\$ 1,776,225	\$ 1,794,568	\$ -18,343
j) Interest to the end of the fiscal year	\$ 0	\$ 0	\$ 0
k) Annual Required Contribution "ARC" for fiscal year 2018 [h + i + j]	\$ 2,510,211	\$ 2,487,355	\$ 22,856
l) Expected claims payments FYE19	\$ 1,692,967	\$ 1,692,355	\$ 611

* 30-year amortization, open, increasing 3.25% per year

SECTION III - MEDICAL PREMIUMS

Monthly Premiums effective June 30, 2018

Health benefits are available to employees and retirees through a number of plans. Retirees contribute 50% of the costs of the plan elected for all plans. The following are gross monthly rates per subscriber for plans in which current Town retirees are enrolled:

	<u>Individual</u>	<u>Family</u>
HMO	751.90	1,881.81
Blue Care Elect PPO	910.52	2,278.36

Medicare Supplemental Plans

Medex	308.44
-------	--------

SECTION IV – BREAKOUTS

	Town	Water	School	Pool	Total
Actives	194	12	394	2	602
Retirees and Beneficiaries	257	-	290	-	547
Total	451	12	684	2	1,149

Accrued Liability @ 7.50%

Active	5,508,007	276,392	9,446,771	37,652	15,268,822
Retired	8,801,893	-	9,730,386	-	18,532,279
Total	14,309,900	276,392	19,177,157	37,652	33,801,101
Assets	960,495	18,552	1,287,191	2,527	2,268,765
Unfunded Liability	13,349,405	257,840	17,889,966	35,125	31,532,336

Annual Required Contribution FYE 2018

Normal Cost	235,404	13,671	483,063	1,848	733,986
Amortization of UAL	751,975	14,524	1,007,746	1,979	1,776,224
Total	987,379	28,195	1,490,809	3,827	2,510,210

Claims Cost	806,264	457	886,245	-	1,692,966
-------------	---------	-----	---------	---	-----------

Annual Required Contribution FYE 2019

Normal Cost with interest	245,997	14,286	504,801	1,931	767,015
Amortization of UAL with interest	776,414	14,996	1,040,498	2,043	1,833,951
Total	1,022,411	29,282	1,545,299	3,974	2,600,966

SECTION V - SCHEDULE OF EMPLOYER CONTRIBUTIONS

In the amortization schedule shown on the following pages, the amortization of the unfunded accrued liability is based on the expected contributions by the Town over and above the Pay-as-You-Go costs. The normal cost is expected to increase at the same rate as the assumed ultimate health care trend rate. The contributions were computed assuming that the contribution is paid at the end of the fiscal year. Projected benefit payments/employer contributions reflect only the benefit for those individuals now employed or retired, not any future entrants.

SECTION V - SCHEDULE OF EMPLOYER CONTRIBUTIONS**Full Prefunding Basis (7.5%)**

Fiscal Year	Normal Cost	Amortization of UAL	Recommended Contribution	Pay-As-You-Go	Difference
Ending In					
2018	733,986	1,135,276	1,869,262	1,569,262	300,000
2019	767,015	1,225,952	1,992,967	1,692,967	300,000
2020	801,531	1,503,053	2,304,584	2,004,584	300,000
2021	837,600	1,609,487	2,447,087	2,147,087	300,000
2022	875,292	1,655,964	2,531,256	2,231,256	300,000
2023	914,680	1,684,022	2,598,702	2,298,702	300,000
2024	955,841	1,808,452	2,764,293	2,464,293	300,000
2025	998,854	1,919,709	2,918,563	2,618,563	300,000
2026	1,043,802	1,961,393	3,005,195	2,705,195	300,000
2027	1,090,773	2,003,336	3,094,109	2,794,109	300,000
2028	1,139,858	2,073,117	3,212,975	2,912,975	300,000
2029	1,191,152	2,161,708	3,352,860	3,052,860	300,000
2030	1,244,754	3,690,311	4,935,065	3,135,065	1,800,000
2031	1,300,768	3,718,715	5,019,483	3,219,483	1,800,000
2032	1,359,303	3,746,872	5,106,175	3,306,175	1,800,000
2033	1,420,472	3,774,728	5,195,200	3,395,200	1,800,000
2034	1,484,393	3,802,230	5,286,623	3,486,623	1,800,000
2035	1,551,191	3,829,317	5,380,508	3,580,508	1,800,000
2036	1,620,995	3,855,926	5,476,921	3,676,921	1,800,000
2037	1,693,940	3,881,989	5,575,929	3,775,929	1,800,000
2038	1,770,167	4,507,437	6,277,604	3,877,604	2,400,000
2039	1,849,825	4,532,192	6,382,017	3,982,017	2,400,000
2040	1,933,067	4,556,174	6,489,241	4,089,241	2,400,000
2041	2,020,055	4,579,297	6,599,352	4,199,352	2,400,000
2042	2,110,957	4,601,472	6,712,429	4,312,429	2,400,000
2043	2,205,950	4,622,600	6,828,550	4,428,550	2,400,000
2044	2,305,218	4,642,580	6,947,798	4,547,798	2,400,000
2045	2,408,953	4,661,304	7,070,257	4,670,257	2,400,000
2046	2,517,356	4,678,657	7,196,013	4,796,013	2,400,000
2047	2,630,637	4,694,519	7,325,156	4,925,156	2,400,000
2048	2,749,016	3,315,333	6,064,349	5,057,776	1,006,573
2049	2,872,722	-	2,872,722	5,193,967	-

* Assumes payment is made at the end of the fiscal year.

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS

TOWN OF DUXBURY, ALL GROUPS

Interest: Full Prefunding: 7.50% per year, net of investment expenses

Actuarial Cost Method: Entry Age Normal. Full eligibility date is assumed to be first eligibility for retiree medical benefits.

Healthcare Cost Trend Rate:

<u>Year</u>	<u>Inflation Rate</u>
2018 & after	4.5%

Age-based Morbidity: Medical costs are adjusted to reflect expected cost increases related to age. The increase in the net costs assumed to be:

<u>Age</u>	<u>Annual Increase Retiree</u>
49 and below	2.6%
50-54	3.2%
55-59	3.4%
60-64	3.7%
65-69	3.2%
70-74	2.4%
75-79	1.8%
80 and over	0.0%

Participation: 75% of future retiree teachers and are assumed to participate in the retiree medical plan, 75% of future non-teacher retirees are expected to participate in the retiree medical plan and 75% of future retirees are expected to elect life insurance.

Marital Status: 80% of male employees and 60% of female employees are assumed to have a covered spouse at retirement. Wives are assumed to be three years younger than their husbands.

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS**TOWN OF DUXBURY, ALL GROUPS*****Pre-Age 65 Retirees:***

Current retirees who are under age 65 are assumed to remain in their current medical plan until age 65. Current active employees who are assumed to retire prior to age 65 are valued with an age weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65.

Post-Age 65 Retirees:

Current retirees over age 65 remain in their current medical plan until death for purposes of measuring their contributions. It is assumed that future retirees are Medicare eligible. It is furthermore assumed that all current retirees over 65 will participate in the Medicare Supplement plan in the same proportion as current retirees over 65. Per capita costs were developed from the Town developed monthly costs. Amounts to be received in the future for the Medicare Part D Retiree Drug Subsidy are not reflected in the valuation.

Termination Benefit:

75% of current active teachers and 75% of current active non-teachers over age 50 with at least 10 years of service are expected to elect medical coverage starting at age 65.

Medical Plan Costs:

The estimated gross per capita incurred claim costs for all retirees and beneficiaries for 2018-19 at age 64 and 65 are \$15,318 and \$3,542, respectively. Medicare eligible retirees' per capita claims costs at age 65 is \$2,892.

It is assumed that future retirees participate in the same manner as current retirees. Employee cost sharing is based on current rates. The cost sharing varies by medical plan. Future cost sharing is based on the weighted average of the current cost sharing of retirees and beneficiaries.

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS NON-TEACHERS

The below tables represent values of the assumed annual rates of withdrawal, disability, death and service retirement:

Group 1 and 2

Age	Disability	Service Retirement				Years of Service	Rates of Withdrawal
		Male	Female	Male Post 2012 Hire	Female Post 2012 Hire		
25	0.0001					0	0.2800
30	0.0002					5	0.1020
35	0.0003					10	0.0650
40	0.0007					15	0.0417
45	0.0010					20	0.0400
50	0.0013	0.0360	0.1019			25	0.0400
55	0.0016	0.0477	0.0469			30+	0.0000
60	0.0018	0.1057	0.0774	0.0477	0.0469		
62	0.0019	0.1473	0.1168	0.0632	0.0509		
65	0.0016	0.2615	0.1939	0.1057	0.0774		
69	0.0014	0.2500	0.2000	0.2136	0.1708		

Group 4

Age	Disability	Service Retirements		Years of Service	Rates of Withdrawal
		Pre 2012	Post 2012		
25	0.0005			0 - 1	0.150
30	0.0010			2 - 3	0.125
35	0.0020			4 - 5	0.100
40	0.0025			6 - 7	0.075
45	0.0040	.0443		8 - 9	0.050
50	0.0076	.0382	0.0191	10 - 19	0.060
55	0.0076	.1110	0.0370	20+	0.000
60	0.0065	.1871	0.0936		
62	0.0065	.2176	0.1741		
65	0.0000	1.0000	0.2500		

Mortality: It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2015.

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS

TOWN OF DUXBURY, TEACHERS

The below tables represent values of the assumed annual rates of withdrawal, disability, death and service retirement:

Retirement – Males

Age	Not in Retirement Plus		Retirement Plus		
	Less than 20	20+	Less than 20	20 - 30	30+
47	0.000	0.000	0.000	0.000	0.000
48	0.000	0.000	0.000	0.000	0.000
49	0.000	0.000	0.000	0.000	0.000
50	0.000	0.020	0.000	0.010	0.020
51	0.000	0.020	0.000	0.010	0.020
52	0.000	0.020	0.000	0.010	0.020
53	0.000	0.020	0.000	0.015	0.020
54	0.000	0.030	0.000	0.025	0.020
55	0.035	0.030	0.050	0.030	0.060
56	0.035	0.035	0.050	0.060	0.200
57	0.050	0.040	0.050	0.100	0.400
58	0.055	0.050	0.050	0.150	0.500
59	0.060	0.060	0.100	0.200	0.500
60	0.075	0.150	0.100	0.250	0.400
61	0.120	0.250	0.200	0.300	0.400
62	0.140	0.300	0.200	0.350	0.350
63	0.140	0.300	0.250	0.400	0.350
64	0.140	0.300	0.250	0.400	0.350
65	0.300	0.300	0.250	0.400	0.350
66	0.300	0.250	0.300	0.300	0.400
67	0.300	0.250	0.300	0.300	0.400
68	0.300	0.250	0.300	0.300	0.400
69	0.300	0.250	0.300	0.300	0.400
70+	1.000	1.000	1.000	1.000	1.000

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS

Retirement – Females

Age	Not in Retirement Plus		Retirement Plus		
	Less than 20	20+	Less than 20	20 - 30	30+
47	0.000	0.000	0.000	0.000	0.000
48	0.000	0.000	0.000	0.000	0.000
49	0.000	0.000	0.000	0.000	0.000
50	0.000	0.010	0.000	0.010	0.015
51	0.000	0.010	0.000	0.010	0.015
52	0.000	0.015	0.000	0.010	0.015
53	0.000	0.020	0.000	0.010	0.015
54	0.000	0.020	0.000	0.010	0.020
55	0.035	0.040	0.030	0.030	0.050
56	0.035	0.040	0.030	0.050	0.150
57	0.035	0.040	0.040	0.080	0.350
58	0.050	0.060	0.080	0.100	0.350
59	0.065	0.080	0.080	0.150	0.350
60	0.085	0.150	0.100	0.200	0.350
61	0.100	0.200	0.120	0.250	0.350
62	0.120	0.200	0.120	0.300	0.350
63	0.120	0.250	0.150	0.300	0.350
64	0.200	0.300	0.200	0.300	0.350
65	0.300	0.400	0.250	0.400	0.350
66	0.300	0.300	0.250	0.300	0.350
67	0.300	0.300	0.300	0.300	0.300
68	0.300	0.300	0.300	0.300	0.300
69	0.300	0.300	0.300	0.300	0.300
70+	1.000	1.000	1.000	1.000	1.000

Disability

Age	Disability
20	0.00004
30	0.00006
40	0.00010
50	0.00050
60	0.00070
60	0.00070

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS

Withdrawal

	Service					
	0		5		10+	
Age	Male	Female	Male	Female	Male	Female
20	0.130	0.100	0.055	0.070	0.015	0.050
30	0.150	0.150	0.054	0.088	0.015	0.045
40	0.133	0.105	0.052	0.050	0.017	0.022
50	0.162	0.098	0.070	0.050	0.023	0.020

Mortality: It is assumed that mortality is represented by the RP-2014 White Collar Mortality with Scale MP-2017, fully generational. Generational adjusting is based on Scale MP-2017.

SCHEDULE B - SUMMARY OF PROGRAM PROVISIONS

<i>Retiree Medical Insurance:</i>	Participants may select from a variety of plans offered by the Town. Retirees and beneficiaries contribute 50% of the costs of the plan elected.
<i>Life Insurance:</i>	The Town of Duxbury provides \$5,000 of Basic Life Insurance. The Town contributes \$1.95 per month for coverage, representing 75% of the total cost.
<i>Spousal Coverage:</i>	Current and future retirees may elect to include their spouses as part of their post-retirement benefits. There is lifetime spousal coverage for medical insurance.
<i>Administrative Costs:</i>	The Town pays administrative costs for each member of the plan as part of the monthly premium.
<i>Section 18 Coverage:</i>	The Town has elected to adopt Section 18 under Chapter 32B of the General Laws of Massachusetts, which requires that an employee or retiree must participate in the Medicare program as the primary payer once one reaches age 65 and is Medicare eligible.
<i>Retirement Eligibility:</i>	Age 55 with 10 years of service, or 20 years of service.
<i>Ordinary Disability Eligibility:</i>	10 years of service and under age 55.
<i>Termination Eligibility:</i>	10 years of service.

SCHEDULE C - CONSIDERATIONS OF HEALTH CARE REFORM

Early Retiree Reinsurance Program ("ERRP") - Effective June 1, 2011: Due to the short-term nature of the payments expected to be received under this program, we do not reflect this program in long-term GASB 45 liabilities.

Removal of Lifetime Maximum: The elimination of the lifetime maximums would have no impact on the retiree health plan obligations since, as far as we are aware, the plan has no lifetime maximums.

Medicare Advantage Plans - Effective January 1, 2011: The law provides for reductions to the amounts that would be provided to Medicare Advantage plans starting in 2011. Since the Town does not offer these plans, the reductions would have no impact.

Expansion of Child Coverage to Age 26: Since few retirees cover children on retiree health plans, this provision will likely have a relatively small effect on the gross benefit cost. We have reflected an estimate of the amount of additional cost by assuming a higher healthcare trend rate.

Medicare Part D Subsidy - Shrinking Medicare Prescription Drug "Donut Hole"- Starting January 1, 2011: RDS payments are not reflected as an ongoing offsetting item in GASB 45 valuations, and so no direct impact is reflected. RDS actuarial equivalence testing does not reflect the new donut hole shrinking Part D benefits. Thus, the changes to Medicare Part D have no impact on the calculations.

Excise Tax on High-Cost Employer Health Plans (aka Cadillac Tax) - Effective January 1, 2021: There is considerable uncertainty about how the tax would be applied, and considerable latitude in grouping of participants for tax purposes. We have estimated the impact and included it in the liabilities.

Other: We have not identified any other specific provision of health care reform that would be expected to have a significant impact on the measured obligation. As additional guidance on the legislation is issued, we will continue to monitor any potential impacts.

SCHEDULE D - GLOSSARY OF TERMS

Actuarial Accrued Liability

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of OPEB benefits and expenses which is not provided for by future Normal Costs and therefore is the value of benefits already earned.

Actuarial assumptions

Assumptions as to the occurrence of future events affecting OPEB costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided OPEB benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

Actuarial cost method

A procedure for determining the Actuarial Present Value of OPEB benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial experience gain or loss

A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

Amortization (of unfunded actuarial accrued liability)

That portion of the OPEB plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability or the Unfunded Frozen Actuarial Accrued Liability.

Annual OPEB cost

An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

Annual required contributions of the employer (ARC)

The employer's periodic expense to a defined benefit OPEB plan, calculated in accordance with the parameters. It is the value of the cash contributions for a funded plan and the value of the expense entry in the profit and loss section of the financial statements.

Closed amortization period (closed basis)

A specific number of years that is counted from one date and, therefore, declines to zero with the passage of time. For example, if the amortization period initially is thirty years on a closed basis, twenty-nine years remain after the first year, twenty-eight years after the second year, and so forth. In contrast, an open amortization period (open basis) is one that begins again or is recalculated at each actuarial valuation date. Within a maximum number of years specified by law or policy (for example, thirty years), the period may increase, decrease, or remain stable.

Covered payroll

Annual compensation paid to active employees covered by an OPEB plan. If employees also are covered by a pension plan, the covered payroll should include all elements included in compensation on which contributions to the pension plan are based. For example, if pension contributions are calculated on base pay including overtime, covered payroll includes overtime compensation.

Defined benefit OPEB plan

An OPEB plan having terms that specify the benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

Funded ratio

The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

SCHEDULE D - GLOSSARY OF TERMS

Funding policy

The program for the amounts and timing of contributions to be made by plan members, employer(s), and other contributing entities (for example, state government contributions to a local government plan) to provide the benefits specified by an OPEB plan.

Healthcare cost trend rate

The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Investment return assumption (discount rate)

The rate used to adjust a series of future payments to reflect the time value of money.

Level dollar amortization method

The amount to be amortized is divided into equal dollar amounts to be paid over a given number of years; part of each payment is interest and part is principal (similar to a mortgage payment on a building). Because payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of payroll; in dollars adjusted for inflation, the payments can be expected to decrease over time.

Level percentage of projected payroll amortization method

Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level.

Net OPEB Obligation

The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt. It will be included as a balance sheet entry on the financial statements.

Normal cost

That portion of the Actuarial Present Value of OPEB benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. It is the value of benefits to be accrued in the valuation year by active employees.

OPEB-related debt

All long-term liabilities of an employer to an OPEB plan, the payment of which is not included in the annual required contributions of a sole or agent employer (ARC) or the actuarially determined required contributions of a cost-sharing employer. Payments generally are made in accordance with installment contracts that usually include interest. Examples include contractually deferred contributions and amounts assessed to an employer upon joining a multiple-employer plan.

Other postemployment benefits

Postemployment benefits other than pension benefits. Other postemployment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

Pay-as-You-Go

A method of financing an OPEB plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Required supplementary information (RSI)

Schedules, statistical data, and other information that are an essential part of financial reporting and should be presented with, but are not part of, the basic financial statements of a governmental entity.