



**A Postretirement Welfare Benefit
GASB 45 Actuarial Valuation
As of July 1, 2012**

For:

**Town of North
Kingstown**

Prepared by:
The USI Consulting Group

January 22, 2014



January 17, 2014

Town of North Kingstown, RI
80 Boston Neck Road
North Kingstown, RI 02852-5762

RE: July 1, 2012 Actuarial Valuation of Postretirement Welfare Benefits

We enclose the report covering the actuarial valuation of the postretirement medical insurance plan for the employees of the Town of North Kingstown as of July 1, 2012. The numbers presented in this report reflect the adoption, by the Town of North Kingstown, of the Statement of Governmental Accounting Standard No. 45 (GASB 45).

The financial results of the actuarial valuation are summarized in the report. The Executive Summary highlights the results of the valuation, including the calculation of the Annual OPEB Costs for the fiscal years beginning July 1, 2012 and July 1, 2013.

Additional information summarizing census information, actuarial assumptions, and the methodology for developing them, as well as a glossary of selected terms used in this study, are also included in the report.

All calculations are made in accordance with our understanding of the provisions of the Statement of Governmental Accounting Standards Board Number 45 (GASB 45). We believe this report provides all of the information your auditor requires. We would appreciate a copy of the footnote to your financial statement related to the postretirement benefits.

Respectfully submitted,

USI Consulting Group

A handwritten signature in cursive script that reads "Robert W. Webb".

Robert W. Webb, FSA, EA, MAAA
Vice President and Actuary

A handwritten signature in cursive script that reads "Denise Reed".

Denise Reed
Actuarial Consultant



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Section I

Executive Summary

The section presents the results of the July 1, 2012 valuation. The first section provides a brief summary of the valuation results. The Executive Summary Detail provides a more detailed development of the expenses and liabilities. Items I through V show the development of the Annual Required Contribution (ARC). Items VI through IX show the calculation of the Annual OPEB Cost. Item XII provides a brief summary of the key assumptions used in developing the plan's costs and liabilities.

EXECUTIVE SUMMARY

Introduction

This report details the development of the Annual OPEB Cost for the Fiscal Year ending June 30, 2013. Estimated June 30, 2013 and June 30, 2014 disclosures are included in Section III.

The liabilities developed in this report are only valid for purposes of meeting employer accounting requirements as required by Statement of Governmental Accounting Standards Number 45 (GASB 45). Liabilities developed for other purposes could be significantly different than those shown in this report.

Summary of Results

The Actuarial Accrued Liability and Normal Cost are calculated as of the valuation date. The Annual OPEB Cost and Expected Benefit Payments are for the year beginning on the valuation date. Additional detail is developed in the exhibits included in this actuarial valuation report.

Fiscal Year Ending June 30, 2013

<i>Beginning of Year Net OPEB Obligation (NOO)</i>	\$6,357,898
<i>Actuarial Accrued Liability (AAL)</i>	\$33,361,496
<i>Actuarial Value of Assets</i>	\$0
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	\$33,361,496
<i>Annual Required Contribution (30 year amortization)</i>	\$2,926,894
<i>Annual OPEB Cost</i>	\$2,881,518
<i>Expected Benefit Payments</i>	\$1,045,469

Fiscal Year Ending June 30, 2014

<i>Beginning of Year Net OPEB Obligation (NOO)</i>	\$8,193,947
<i>Actuarial Accrued Liability (AAL)</i>	\$35,004,822
<i>Actuarial Value of Assets</i>	\$0
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	\$35,004,822
<i>Annual Required Contribution (30 year amortization)</i>	\$3,075,703
<i>Annual OPEB Cost</i>	\$3,007,454
<i>Expected Benefit Payments</i>	\$1,283,994

Economic Assumptions

The employer, with the approval of the auditor, is responsible for selecting the economic assumptions as of the disclosure date. The following table details the selected economic assumptions for the current fiscal year:

<u>Assumption Selection Date</u>	<u>July 1, 2012</u>
<i>Funding Interest Rate*</i>	4.00%
<i>2012 Medical / Rx Trend Rates</i>	9.00%
<i>Ultimate Medical / Rx Trend Rate</i>	5.00%
<i>Year Ultimate Trend Rates Reached</i>	2016
<i>Annual Payroll Increase</i>	2.50%

* Reflects current funding policy (assumes no funding).

EXECUTIVE SUMMARY (cont.)

Changes included in current valuation

The assumptions have been updated to reflect the demographic actuarial assumptions (mortality, turnover, disability and retirement rates) adopted by Gabriel Roeder Smith and Company in the 2012 Valuation of the Municipal Employees Retirement System (MERS) and The Employee Retirement System (ERS). The retirement eligibility provisions have been updated to reflect the increased age of retirement in the MERS and ERS reform enacted by the General Assembly in 2011. The medical trend rate assumption was reset to 9.0% in 2012, grading down 1.0% per annum to an ultimate trend rate of 5.0% in 2016 and later. The impact of these changes on the plan's obligations is shown in Appendix II.

Experience Gains and Losses

The plan had an accumulated experience gain over the past two years, primarily due to favorable demographic experience. The impact of the gain on the actuarial accrued liability is provided in Appendix II.

Accounting for Postretirement Benefits

Government Accounting Standard No. 45 (GAS 45) addresses the accounting and financial reporting requirements by Employers for Postemployment Benefits Other than Pensions (OPEB). Employers that are required to follow Government Accounting Standards are subject to this standard. The statement does not require that the benefits be pre-funded, however, it defines a financial framework for assessing the costs, design, and sustainability of OPEBs offered by employers.

This report presents the annual expense required to be recognized by the plan sponsor for purposes of complying with the accounting requirements of Governmental Accounting Standards Board Statement No. 45. This report also provides the information needed to prepare the footnote in your financial statements related to your postretirement benefit plans.

The Annual Required Contribution (ARC) and Annual OPEB Cost are developed in the Executive Summary Detail included in this section. Section III presents the disclosure information, including the development of the Net OPEB obligation based on expected contributions / benefits to be paid during the fiscal year.

Actuarial Certification

The financial results of the actuarial valuation are summarized in this report. The valuation has been prepared as of July 1, 2012. The detail charts included in this Executive Summary highlight the results of the valuation. Additional information summarizing the census, actuarial assumptions, plan provisions, and a glossary of selected terms used in this study are also included in this report.

The valuation is based on the July 1, 2013 census data and July 1, 2012 plan information as provided by the employer. We have reviewed both the census and financial data for reasonableness, but have not completed an independent audit of the information.

EXECUTIVE SUMMARY (cont.)

Actuarial Certification (cont.)

All costs, liabilities, and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. The calculations are consistent and undertaken with our understanding of Statement of Governmental Accounting Standards Number 45 (GAS 45). In our opinion, the actuarial assumptions are reasonable, taking in account the experience of the plan and reasonable expectations and, individually represent our best estimate of the anticipated experience under the plan.

I have no relationship with the employer or the plan that would objectively impair, or appear to impair, my ability to perform the work detailed in this report.

I certify that I am a member of the American Academy of Actuaries and meet its Qualification Standards to provide an actuarial opinion in accordance with GASB 45.



Robert W. Webb, FSA, EA, MAAA
Vice President and Actuary



Adeniyi Olajya, ASA, MAAA
Associate Vice President and Actuary

EXECUTIVE SUMMARY DETAIL
GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST
FOR JULY 1, 2012 BY EMPLOYEE GROUP

	<u>Firefighters</u>	<u>Police</u>	<u>Local1033</u>	<u>Non Union</u>	<u>School</u>	<u>Total</u>
I. Present value of Future benefits						
A. Retirees/Disableds	\$3,574,707	\$6,002,985	\$358,250	\$2,879,671	\$261,817	\$13,077,430
B. Active Employees	<u>\$14,282,280</u>	<u>\$10,910,172</u>	<u>\$8,706,214</u>	<u>\$1,475,057</u>	<u>\$1,975,329</u>	<u>\$37,349,052</u>
C. Total	\$17,856,987	\$16,913,157	\$9,064,464	\$4,354,728	\$2,237,146	\$50,426,482
II. Actuarial Accrued Liability						
A. Retirees/Disableds	\$3,574,707	\$6,002,985	\$358,250	\$2,879,671	\$261,817	\$13,077,430
B. Active Employees	<u>\$7,809,160</u>	<u>\$4,735,392</u>	<u>\$6,007,303</u>	<u>\$780,594</u>	<u>\$951,617</u>	<u>\$20,284,066</u>
C. Total	\$11,383,867	\$10,738,377	\$6,365,553	\$3,660,265	\$1,213,434	\$33,361,496
III. Actuarial Assets	\$0	\$0	\$0	\$0	\$0	\$0
IV. Unfunded Actuarial Accrued Liability (UAAL)	\$11,383,867	\$10,738,377	\$6,365,553	\$3,660,265	\$1,213,434	\$33,361,496
V. Annual Required Contribution (ARC)						
A. Normal Cost	\$521,103	\$405,362	\$268,140	\$59,246	\$68,498	\$1,322,349
B. Supplemental Cost	\$511,365	\$478,231	\$288,102	\$171,041	\$63,338	\$1,512,077
C. Compound Interest to Year End	<u>\$34,422</u>	<u>\$26,950</u>	<u>\$21,952</u>	<u>\$4,955</u>	<u>\$4,189</u>	<u>\$92,468</u>
E. Annual Required Contribution [A. + B. + C. + D.]	\$1,066,890	\$910,543	\$578,194	\$235,242	\$136,025	\$2,926,894
VI. Net OPEB Obligation	\$2,197,746	\$1,512,508	\$1,926,309	\$170,637	\$550,698	\$6,357,898
VII. Interest on net OPEB Obligation	\$87,910	\$60,500	\$77,052	\$6,825	\$22,028	\$254,315
VIII. Adjustment to ARC	(\$103,595)	(\$71,295)	(\$90,800)	(\$8,043)	(\$25,958)	(\$299,691)
IX. Annual OPEB Cost (Expense) [V.E. + VII. + VIII.]	\$1,051,205	\$899,748	\$564,446	\$234,024	\$132,095	\$2,881,518
X. Expected Benefit Payments						
A. Retirees/Disableds	\$343,814	\$419,690	\$14,897	\$212,840	\$54,228	\$1,045,469
B. Active Employees	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
C. Total	\$343,814	\$419,690	\$14,897	\$212,840	\$54,228	\$1,045,469

EXECUTIVE SUMMARY DETAIL
GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST
FOR JULY 1, 2012 BY EMPLOYEE FUND

	<u>001</u>	<u>112</u>	<u>430</u>	<u>440</u>	<u>School</u>	<u>Total</u>
<i>I. Present value of Future benefits</i>						
A. Retirees/Disableds	\$11,836,520	\$174,066	\$505,625	\$299,402	\$261,817	\$13,077,430
B. Active Employees	<u>\$32,143,451</u>	<u>\$1,276,833</u>	<u>\$603,312</u>	<u>\$1,350,127</u>	<u>\$1,975,329</u>	<u>\$37,349,052</u>
C. Total	\$43,979,971	\$1,450,899	\$1,108,937	\$1,649,529	\$2,237,146	\$50,426,482
<i>II. Actuarial Accrued Liability</i>						
A. Retirees/Disableds	\$11,836,520	\$174,066	\$505,625	\$299,402	\$261,817	\$13,077,430
B. Active Employees	<u>\$17,242,599</u>	<u>\$924,602</u>	<u>\$293,839</u>	<u>\$871,409</u>	<u>\$951,617</u>	<u>\$20,284,066</u>
C. Total	\$29,079,119	\$1,098,668	\$799,464	\$1,170,811	\$1,213,434	\$33,361,496
<i>III. Actuarial Assets</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>IV. Unfunded Actuarial Accrued Liability (UAAL)</i>	\$29,079,119	\$1,098,668	\$799,464	\$1,170,811	\$1,213,434	\$33,361,496
<i>V. Annual Required Contribution (ARC)</i>						
A. Normal Cost	\$1,140,082	\$41,246	\$22,658	\$49,865	\$68,498	\$1,322,349
B. Supplemental Cost	\$1,310,647	\$50,190	\$34,317	\$53,585	\$63,338	\$1,512,077
C. Compound Interest to Year End	<u>\$79,791</u>	<u>\$3,284</u>	<u>\$1,901</u>	<u>\$3,303</u>	<u>\$4,189</u>	<u>\$92,468</u>
D. Annual Required Contribution [A. + B. + C.]	\$2,530,520	\$94,720	\$58,876	\$106,753	\$136,025	\$2,926,894
<i>VI. Net OPEB Obligation</i>	\$5,252,828	\$198,463	\$144,415	\$211,494	\$550,698	\$6,357,898
<i>VII. Interest on net OPEB Obligation</i>	\$210,111	\$7,939	\$5,777	\$8,460	\$22,028	\$254,315
<i>VIII. Adjustment to ARC</i>	(\$247,602)	(\$9,355)	(\$6,807)	(\$9,969)	(\$25,958)	(\$299,691)
<i>IX. Annual OPEB Cost (Expense)</i> <i>[V.D. + VII. + VIII.]</i>	\$2,493,029	\$93,304	\$57,846	\$105,244	\$132,095	\$2,881,518
<i>X. Expected Benefit Payments</i>						
A. Retirees/Disableds	\$911,953	\$18,652	\$18,881	\$41,755	\$54,228	\$1,045,469
B. Active Employees	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
C. Total	\$911,953	\$18,652	\$18,881	\$41,755	\$54,228	\$1,045,469

EXECUTIVE SUMMARY DETAIL
GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST
FOR JULY 1, 2013 BY EMPLOYEE GROUP

	<u>Firefighters</u>	<u>Police</u>	<u>Local1033</u>	<u>Non Union</u>	<u>School</u>	<u>Total</u>
I. Present value of Future benefits						
A. Retirees/Disableds	\$3,367,005	\$5,815,021	\$338,664	\$2,777,761	\$216,977	\$12,515,428
B. Active Employees	<u>\$14,853,571</u>	<u>\$11,346,578</u>	<u>\$8,619,534</u>	<u>\$1,534,059</u>	<u>\$2,054,342</u>	<u>\$38,408,084</u>
C. Total	\$18,220,576	\$17,161,599	\$8,958,198	\$4,311,820	\$2,271,319	\$50,923,512
II. Actuarial Accrued Liability						
A. Retirees/Disableds	\$3,367,005	\$5,815,021	\$338,664	\$2,777,761	\$216,977	\$12,515,428
B. Active Employees	<u>\$8,663,474</u>	<u>\$5,346,384</u>	<u>\$6,545,182</u>	<u>\$873,434</u>	<u>\$1,060,920</u>	<u>\$22,489,394</u>
C. Total	\$12,030,479	\$11,161,405	\$6,883,846	\$3,651,195	\$1,277,897	\$35,004,822
III. Actuarial Assets	\$0	\$0	\$0	\$0	\$0	\$0
IV. Unfunded Actuarial Accrued Liability (UAAL)	\$12,030,479	\$11,161,405	\$6,883,846	\$3,651,195	\$1,277,897	\$35,004,822
V. Annual Required Contribution (ARC)						
A. Normal Cost	\$534,131	\$415,496	\$274,844	\$60,727	\$70,210	\$1,355,408
B. Supplemental Cost	\$553,669	\$510,227	\$318,302	\$176,232	\$68,260	\$1,626,690
C. Compound Interest to Year End	<u>\$34,702</u>	<u>\$27,515</u>	<u>\$22,638</u>	<u>\$4,729</u>	<u>\$4,021</u>	<u>\$93,605</u>
E. Annual Required Contribution [A. + B. + C. + D.]	\$1,122,502	\$953,238	\$615,784	\$241,688	\$142,491	\$3,075,703
VI. Net OPEB Obligation	\$2,905,137	\$1,992,566	\$2,475,858	\$191,821	\$628,565	\$8,193,947
VII. Interest on net OPEB Obligation	\$116,205	\$79,703	\$99,034	\$7,673	\$25,143	\$327,758
VIII. Adjustment to ARC	(\$140,403)	(\$96,299)	(\$119,656)	(\$9,271)	(\$30,378)	(\$396,007)
IX. Annual OPEB Cost (Expense) [V.E. + VII. + VIII.]	\$1,098,304	\$936,642	\$595,162	\$240,090	\$137,256	\$3,007,454
X. Expected Benefit Payments						
A. Retirees/Disableds	\$374,757	\$457,462	\$16,238	\$231,996	\$59,109	\$1,139,562
B. Active Employees	<u>\$65,750</u>	<u>\$18,259</u>	<u>\$38,169</u>	<u>\$5,451</u>	<u>\$16,803</u>	<u>\$144,432</u>
C. Total	\$440,507	\$475,721	\$54,407	\$237,447	\$75,912	\$1,283,994

EXECUTIVE SUMMARY DETAIL
GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST
FOR JULY 1, 2013 BY EMPLOYEE FUND

	<u>001</u>	<u>112</u>	<u>430</u>	<u>440</u>	<u>School</u>	<u>Total</u>
I. Present value of Future benefits						
A. Retirees/Disableds	\$11,361,068	\$162,004	\$506,591	\$268,788	\$216,977	\$12,515,428
B. Active Employees	<u>\$33,097,523</u>	<u>\$1,290,272</u>	<u>\$611,199</u>	<u>\$1,354,749</u>	<u>\$2,054,342</u>	<u>\$38,408,084</u>
C. Total	\$44,458,591	\$1,452,276	\$1,117,790	\$1,623,537	\$2,271,319	\$50,923,512
II. Actuarial Accrued Liability						
A. Retirees/Disableds	\$11,361,068	\$162,004	\$506,591	\$268,788	\$216,977	\$12,515,428
B. Active Employees	<u>\$19,136,710</u>	<u>\$1,004,482</u>	<u>\$329,157</u>	<u>\$958,125</u>	<u>\$1,060,920</u>	<u>\$22,489,394</u>
C. Total	\$30,497,778	\$1,166,486	\$835,748	\$1,226,913	\$1,277,897	\$35,004,822
III. Actuarial Assets	\$0	\$0	\$0	\$0	\$0	\$0
IV. Unfunded Actuarial Accrued Liability (UAAL)	\$30,497,778	\$1,166,486	\$835,748	\$1,226,913	\$1,277,897	\$35,004,822
V. Annual Required Contribution (ARC)						
A. Normal Cost	\$1,168,585	\$42,277	\$23,224	\$51,112	\$70,210	\$1,355,408
B. Supplemental Cost	\$1,409,492	\$54,551	\$36,808	\$57,579	\$68,260	\$1,626,690
C. Compound Interest to Year End	<u>\$81,006</u>	<u>\$3,327</u>	<u>\$1,922</u>	<u>\$3,329</u>	<u>\$4,021</u>	<u>\$93,605</u>
D. Annual Required Contribution [A. + B. + C.]	\$2,659,083	\$100,155	\$61,954	\$112,020	\$142,491	\$3,075,703
VI. Net OPEB Obligation	\$6,833,904	\$273,115	\$183,380	\$274,983	\$628,565	\$8,193,947
VII. Interest on net OPEB Obligation	\$273,356	\$10,925	\$7,335	\$10,999	\$25,143	\$327,758
VIII. Adjustment to ARC	(\$330,277)	(\$13,199)	(\$8,863)	(\$13,290)	(\$30,378)	(\$396,007)
IX. Annual OPEB Cost (Expense) [V.D. + VII. + VIII.]	\$2,602,162	\$97,881	\$60,426	\$109,729	\$137,256	\$3,007,454
X. Expected Benefit Payments						
A. Retirees/Disableds	\$994,029	\$20,331	\$20,580	\$45,513	\$59,109	\$1,139,562
B. Active Employees	<u>\$111,808</u>	<u>\$6,992</u>	<u>\$3,389</u>	<u>\$5,440</u>	<u>\$16,803</u>	<u>\$144,432</u>
C. Total	\$1,105,837	\$27,323	\$23,969	\$50,953	\$75,912	\$1,283,994

Section II

Census Information

This section details statistics related to the participants in the postretirement benefit plan.

CENSUS INFORMATION – A.

EMPLOYEE COUNTS

	<i>As of July 1, 2013</i>			<i>As of January 1, 2010</i>		
	<i>Actives</i>	<i>Retirees</i>	<i>Total</i>	<i>Actives</i>	<i>Retirees</i>	<i>Total</i>
Male	267	89	356	Male	304	390
Female	460	68	528	Female	456	534
Total	727	157	884	Total	760	924

COUNTS BY AGE AND ELIGIBILITY STATUS

ACTIVE EMPLOYEES :

<i>Age</i>	<i>Currently Eligible to Retire</i>	<i>Not Currently Eligible to Retire</i>	<i>Total</i>
29 and under	0	59	59
30 - 34	0	61	61
35 - 39	0	68	68
40 - 44	7	108	115
45 - 49	5	103	108
50 - 54	33	80	113
55 - 59	71	47	118
60 - 64	53	13	66
65 and over	15	4	19
Total	184	543	727

CURRENT RETIREES:

<i>Age</i>	<i>Retirees</i>	<i>Spouses</i>	<i>Total</i>
54 and under	20	27	47
55 - 59	25	25	50
60 - 64	63	15	78
65 - 69	16	3	19
70 - 74	13	0	13
75 - 79	7	0	7
80 and over	13	1	14
Total	157	71	228

CENSUS INFORMATION – B.

AVERAGE AGE AND SERVICE

	<u>As of July 1, 2013</u>	<u>As of January 1, 2010</u>
ACTIVE EMPLOYEES:		
A. Average Age at Hire		
Males	30.7	31.7
Females	35.8	36.5
Total	33.9	34.6
B. Average Service		
Males	13.7	13.0
Females	12.9	12.9
Total	13.2	13.0
C. Average Current Age		
Males	44.4	44.8
Females	48.7	49.4
Total	47.1	47.5
CURRENT RETIREES:		
D. Average Current Age		
Males	61.2	61.4
Females	67.4	65.1
Total	63.9	63.2

Section III

Financial Statement Disclosure

**This section provides the required information and notes to the Financial Statements
For the fiscal year ending June 30, 2013.**

FINANCIAL STATEMENT DISCLOSURE

The GASB standard on accounting for postretirement benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree benefit liability:

1.) GASB 45 DISCLOSURE FINANCIALS – ALL DIVISIONS

A. Annual OPEB Cost and Net OPEB Obligation	<u>7/1/2012 - 6/30/2013</u>	<u>7/1/2013 6/30/2014</u>
1. Annual Required Contribution (ARC)	\$2,926,894	\$3,075,703
2. Interest on net OPEB Obligation	\$254,315	\$327,758
3. Adjustment to ARC	<u>(\$299,691)</u>	<u>(\$396,007)</u>
4. Annual OPEB Cost (Expense)	\$2,881,518	\$3,007,454
5. Contribution made (assumed middle of year) *	<u>(\$1,045,469)</u>	<u>(\$1,283,994)</u>
6. Increase in net OPEB Obligation	\$1,836,049	\$1,723,460
7. Net OPEB Obligation - beginning of year	<u>\$6,357,898</u>	<u>\$8,193,947</u>
8. Net OPEB Obligation - end of year	\$8,193,947	\$9,917,407

* Contribution made was assumed to equal Expected Benefit Payments

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending 2013 / 2014 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Covered Payroll</u>	<u>OPEB Cost % of Pay</u>
6/30/2013	\$2,881,518	36.3%	\$8,193,947	N/A	N/A
6/30/2014	\$3,007,454	42.7%	\$9,917,407	N/A	N/A

B. Funded Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (AAL) ((b - a) / c)</u>
1/1/2007	\$ -	\$25,294,765	\$25,294,765	0.0%	N/A	N/A
7/1/2010	\$ -	\$34,510,724	\$34,510,724	0.0%	\$45,087,750	76.54%
7/1/2012	\$ -	\$33,361,496	\$33,361,496	0.0%	N/A	N/A

C. Methods and Assumptions

- Interest Rate	4.00%
- 2012 Medical / Rx Trend Rates	9.00%
- Ultimate Medical / Rx Trend Rate	5.00%
- Year Ultimate Trend Rates Reached	2016
- Actuarial Cost Method	Entry Age Normal
- The remaining amortization period at 06/30/2013	24.58

FINANCIAL STATEMENT DISCLOSURE

The GASB standard on accounting for postretirement benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree benefit liability:

2.) A BRIEF DESCRIPTION OF THE RETIREE MEDICAL AND DRUG INSURANCE PLAN:

Type of Coverage:

- a. Plan Types:** Fully insured Medical
Prescription Drug contribution for Municipal Union employees
- b. Eligibility:** Retirees from State Retirement System; and:
Firefighters and Policemen: Age 55 and 10 years of service or 20 years of service.
Municipal Employees (Local 1033): Age 58 and 20 years of service or 30 years of service.
Non-Union: Age 58 and 10 years of service or 30 years of service.
School: Age 55 and 10 years of service or age 50 and 20 years of service.
- c. Benefit/Cost Sharing:** Firefighters: Retiree pays 15% of premium until eligible for Medicare.
Policemen: Town pays 100% until eligible for Medicare for current retirees and employees hired before 7/1/1995. Town pays 80% for all retirees hired on or after 7/1/1995.
Municipal Employees (Local 1033):
Town currently pays 100%. The town will contribute 80% for retirees who retire after 1/1/2012 and who were hired before 4/1/2000. The town contributes as follows for retirees hired after 4/1/2000:
85% if they retire on 1/1/2012
80% if they retire after 1/1/2012
Town contributes \$2,424 (effective July 1, 2011) per year toward prescription drug coverage.
Town provides Medicare Supplemental Coverage for life upon becoming eligible for Medicare.
Nonunion Employees: Town currently pays 100%. The town will pay 80% for retirees who retire after 1/1/2012. Town provides Medicare Supplemental Coverage for life upon becoming eligible for Medicare.
School Employees: Retirees pay 100% of premium. Coverage until Medicare eligible for teachers. There is no restriction as to the length of coverage for non-teaching employees.
- d. Spouse Benefit:** Yes; Not provided to Municipal Employees (Local 1033) hired after 9/24/2008.
- e. Surviving Spouse Benefit:** No

FINANCIAL STATEMENT DISCLOSURE

f. Medical Premiums:

<u>Plan</u>	<u>Coverage</u>	<u>Monthly Premium</u>
1A25 CL	Family	\$1,903.19
1A25 CL	Single	\$736.90
1A25 HM	Family	\$1,695.18
1A25 HM	Single	\$678.22
3H10 CL	Family	\$2,081.73
3H10 CL	Single	\$812.95
434 HM	Family	\$1,515.16
434 HM	Single	\$598.69
4587 BC	Family	\$1,709.84
4587 BC	Single	\$776.24
4587 HM	Family	\$1,873.44
4587 HM	Single	\$889.16
4L85 BC	Family	\$1,053.04
4L85 BC	Single	\$415.86
4L85 HM	Family	\$1,165.35
4L85 HM	Single	\$455.73
5C43 HM	Family	\$1,732.29
5C43 HM	Single	\$703.88
7115 BC	Family	\$1,633.10
7115 BC	Single	\$773.36
7115 HM	Family	\$1,793.68
7115 HM	Single	\$837.29
8218 CL	Family	\$1,848.31
8218 CL	Single	\$732.87
8218 HM	Family	\$1,622.84
8218 HM	Single	\$637.05
CLASSIC	Family	\$2,043.80
CLASSIC	Single	\$798.02
HM	Family	\$1,770.61
HM	Single	\$691.74
1D33 Plan 65	Single	\$155.23

Section IV

Actuarial Assumptions And Methodology

The following pages detail the assumptions used in the calculations.

ACTUARIAL ASSUMPTIONS AND METHODOLOGY

1. **Funding Interest Rate:** An interest rate of 4.00% was used.
2. **Health Care Trend Rates:** It was assumed that health care costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Medical Rates</u>
2012	9.0%
2013	8.0%
2014	7.0%
2015	6.5%
2016	6.0%
2017	5.5%
2018	5.0%

For the following demographic (mortality, retirement, disability, and other termination of employment) assumptions we utilized rates used in the actuarial valuation of the Employees' Retirement System of Rhode Island.

3. **Mortality:**
 - Post-retirement mortality rates:
 - a. Male employees: 115% of the RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
 - b. Female employees: 95% of the RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
 - c. Disabled males – 60% of the PBGC Table Va for disabled males eligible for Social Security disability benefits.
 - d. Disabled females – 60% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.
 - Pre-retirement mortality (combined ordinary and duty):
 - a. Male employees: 75% of RP-2000 Combined Healthy for Males with White Collar adjustments.
 - b. Female employees: 75% of RP-2000 Combined Healthy for Females with White Collar adjustments
4. **Disability Rates:** None assumed

5. **Termination Rates:** Based on service:

<u>Service</u>	<u>Male</u>	<u>City</u>	<u>Female</u>	<u>Police/Fire Rate</u>
0	17.50%		18.00%	10.00%
1	10.87%		11.43%	5.28%
5	5.52%		5.84%	3.54%
10	2.60%		2.55%	1.91%
15	2.01%		1.59%	0.90%
20	1.75%		1.12%	0.00%
24	0.44%		0.00%	0.00%

ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)

6. Retirement Rates:

City employees: Separate male and female rates. Sample rates are shown below:

30 or more years of service prior to age 58:

<u>Service</u>	<u>Male</u>	<u>Female</u>
30	30.0%	30.0%
31	30.0%	25.0%
32-34	25.0%	10.0%
35	25.0%	15.0%
36	25.0%	20.0%
37	25.0%	25.0%
38	35.0%	25.0%
39	50.0%	25.0%
40+	100.0%	100.0%

Age 58 and older

<u>Age</u>	<u>Male</u>	<u>Female</u>
58	12.0%	12.0%
59-61	10.0%	10.0%
62	30.0%	20.0%
63-64	20.0%	15.0%
65	20.0%	20.0%
66-68	25.0%	25.0%
69	30.0%	25.0%
70-74	30.0%	20.0%
75	100.0%	100.0%

Police and Firefighters: Unisex rates based on service are used. Sample rates are shown below:

<u>Service</u>	<u>Rate</u>
20	12.0%
21	10.0%
22-23	10.0%
24	12.0%
25	14.0%
26	16.0%
27	18.0%
28	20.0%
29	20.0%
30+	35.0%

7. Participation Rate:

It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical and dental plans upon retirement; that 70% of the current active City employees and 60% of the current active Police would enroll in the retiree life insurance plan upon retirement; and that 95% of the current active City employees and 40% of the current active Police would enroll in the retiree life insurance plan upon disability.

ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)

8. **Percent Married:** It was assumed that 75% of the active employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.
9. **Actuarial Value of Assets:** N/A
10. **Per Capita Claims Cost:** Premiums were age-graded on the current participants in the Medical plan. Further details of the annual per capita claims cost is featured in Section V of the report.
11. **Administrative expenses:** Included in premiums used.
12. **Participant Salary Increases:** 2.50% per annum.
13. **Payroll Growth Rate:** 2.50% annually

ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)

ACTUARIAL COST METHOD

An Actuarial Cost Method develops an orderly allocation of the actuarial present value of benefits payments over the working lifetime of the participants in the plan. The actuarial present value of benefits allocated to a particular fiscal year is called the Normal Cost. The actuarial present value of benefits allocated to all periods prior to a valuation date is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over future years in accordance with the employer's established accounting policy.

The Entry Age Actuarial Cost Method is used in this valuation. Under this method, the Actuarial Present Value of Projected Benefits of each individual included in the Actuarial Valuation is allocated on a level basis over future earnings of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

The amortization of the unfunded actuarial accrued liability may be determined in level dollar amounts or as a level percentage of projected payroll of active plan members. The total unfunded actuarial accrued liability may be amortized as one amount, or components of the total may be separately amortized. The equivalent single amortization period for all components combined may not exceed the maximum acceptable period of 30 years.

ADDITIONAL COMMENTS

The values in this GASB 45 valuation represent a closed group and do not reflect new entrants after the census collection date.

Section V

Representative Claim Costs

Based on combined actual claims and premium experience, age-related representative per capita claims costs were developed. This section shows the development of these costs.

REPRESENTATIVE 2012 PER CAPITA MEDICAL CLAIM COSTS FOR CITY EMPLOYEES

II. DEVELOPMENT OF PER CAPITA RETIREE CLAIM COSTS

\$11,016,155	Employer Primary Premium Based Claims
\$0	Medicare Primary Premium Based Claims
\$11,016,155	Total Premium Based Claims
\$9,899	Retiree (Pre-65) Average Per Capita Claim
\$0	Retiree (Post-65) Average Per Capita Claim

ALL ACTIVE PARTICIPANTS EMPLOYER PRIMARY

<u>Age Bracket</u>	<u>Number of Males</u>	<u>Number of Females</u>	<u>Male Aging Factor</u>	<u>Female Aging Factor</u>	<u>Aged (M) Average Claims</u>	<u>Aged (F) Average Claims</u>	<u>Age Related Claims</u>	
24 & under	22	2	17	0.549	1.312	\$2,994	\$7,155	\$127,622
25 - 29	27	27	32	0.591	1.312	\$3,223	\$7,155	\$315,979
30 - 34	32	36	51	0.712	1.312	\$3,883	\$7,155	\$504,686
35 - 39	37	51	63	0.850	1.312	\$4,635	\$7,155	\$687,169
40 - 44	42	80	86	1.000	1.312	\$5,453	\$7,155	\$1,051,603
45 - 49	47	63	98	1.193	1.456	\$6,506	\$7,940	\$1,188,021
50 - 54	52	87	90	1.441	1.599	\$7,858	\$8,720	\$1,468,493
55 - 59	57	85	102	1.753	1.740	\$9,560	\$9,489	\$1,780,475
60 - 64	62	73	57	2.102	1.968	\$11,463	\$10,732	\$1,448,561
65 - 69	67	36	15	2.316	2.168	\$12,630	\$11,823	\$632,035
Employer Primary Sub.	540	611						\$9,204,644

ALL RETIREE PARTICIPANTS EMPLOYER PRIMARY

<u>Age Bracket</u>	<u>Number of Males</u>	<u>Number of Females</u>	<u>Male Aging Factor</u>	<u>Female Aging Factor</u>	<u>Aged (M) Average Claims</u>	<u>Aged (F) Average Claims</u>	<u>Age Related Claims</u>	
44 & under	42	2	5	1.000	1.312	\$5,453	\$7,155	\$46,682
45 - 49	47	7	11	1.193	1.456	\$6,506	\$7,940	\$132,885
50 - 54	52	10	12	1.441	1.599	\$7,858	\$8,720	\$183,226
55 - 59	57	20	30	1.753	1.740	\$9,560	\$9,489	\$475,869
60 - 64	62	37	41	2.102	1.968	\$11,463	\$10,732	\$864,167
65 - 69	67	1	3	2.316	2.168	\$12,630	\$11,823	\$48,100
70 - 74	72	1	0	2.557	2.396	\$13,945	\$13,067	\$13,945
75 - 79	77	1	0	2.769	2.593	\$15,101	\$14,141	\$15,101
80 - 84	82	0	1	2.910	2.724	\$15,870	\$14,855	\$14,855
85 - 89	87	1	0	3.059	2.864	\$16,682	\$15,619	\$16,682
90 & Over	92	0	0	3.215	3.010	\$17,533	\$16,415	\$0
Employer Primary Sub.	80	103						\$1,811,511

ALL RETIREE PARTICIPANTS MEDICARE PRIMARY

<u>Age Bracket</u>	<u>Number of Males</u>	<u>Number of Females</u>	<u>Male Aging Factor</u>	<u>Female Aging Factor</u>	<u>Aged (M) Average Claims</u>	<u>Aged (F) Average Claims</u>	<u>Age Related Claims</u>	
65 - 69	67	0	0	2.316	2.168	\$0	\$0	\$0
70 - 74	72	0	0	2.557	2.396	\$0	\$0	\$0
75 - 79	77	0	0	2.769	2.593	\$0	\$0	\$0
80 - 84	82	0	0	2.910	2.724	\$0	\$0	\$0
85 - 89	87	0	0	3.059	2.864	\$0	\$0	\$0
90 & Over	92	0	0	3.215	3.010	\$0	\$0	\$0
Medicare Primary Sub.	0	0						\$0

Retiree Subtotal	80	103						\$1,811,511
Grand Total	620	714						\$11,016,155

**REPRESENTATIVE 2012 PER CAPITA MEDICAL CLAIM COSTS FOR CITY EMPLOYEES
 (CONTINUED)**

PREMIUM BASED CLAIM BUCKETS:

		<u>People</u>	<u>Premium</u>	<u>Annualized</u>
1A25 HM	Family	7	\$1,695.18	\$142,395
1A25 HM	Single	0	\$678.22	\$0
1A25 CLASSIC	Single	1	\$736.90	\$8,843
3H10 CLASSIC	Family	3	\$2,081.73	\$74,942
434 HM	Family	36	\$1,515.16	\$654,549
434 HM	Single	0	\$598.69	\$0
4587 BC	Family	2	\$1,709.84	\$41,036
4587 BC	Single	0	\$776.24	\$0
4587 HM	Family	70	\$1,873.44	\$1,573,690
4587 HM	Single	0	\$889.16	\$0
4L85 BC	Family	33	\$1,053.04	\$417,004
4L85 BC	Single	0	\$415.86	\$0
4L85 HM	Family	43	\$1,165.35	\$601,321
4L85 HM	Single	1	\$455.73	\$5,469
5C43 HM	Family	2	\$1,732.29	\$41,575
5C43 HM	Single	0	\$703.88	\$0
7115 BC	Family	2	\$1,633.10	\$39,194
7115 BC	Single	0	\$773.36	\$0
7115 HM	Family	44	\$1,793.68	\$947,063
7115 HM	Single	0	\$837.29	\$0
8218 HM	Family	17	\$1,622.84	\$331,059
8218 HM	Single	0	\$637.05	\$0
8218 CLASSIC	Family	7	\$1,848.31	\$155,258
CLASSIC	Family	1	\$2,043.80	\$24,526
HM	Family	313	\$1,770.61	\$6,650,411
HM	Single	172	\$691.74	\$1,427,751
Pre-65 Total		754		\$13,136,086
Adjust for Children's Claims (less 16.14%)				\$11,016,155

Section VI
Appendices

APPENDIX - I.

ACTIVE EMPLOYEE BY AGE AND SERVICE

AS OF JULY 1, 2013

Age	Service									Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	
0 - 19	0	0	0	0	0	0	0	0	0	0
20 - 24	10	0	0	0	0	0	0	0	0	10
25 - 29	38	10	0	1	0	0	0	0	0	49
30 - 34	19	30	12	0	0	0	0	0	0	61
35 - 39	12	25	28	3	0	0	0	0	0	68
40 - 44	11	27	46	23	8	0	0	0	0	115
45 - 49	19	20	25	19	20	5	0	0	0	108
50 - 54	9	18	33	13	14	18	7	1	0	113
55 - 59	13	20	32	15	14	17	5	2	0	118
60 - 64	2	5	9	13	17	10	5	4	1	66
65 - 69	0	1	5	3	4	0	0	1	0	14
70 - 74	1	0	1	0	0	0	0	1	0	3
75 - 79	0	0	1	0	0	1	0	0	0	2
80 and Over	0	0	0	0	0	0	0	0	0	0
Total	134	156	192	90	77	51	17	9	1	727

APPENDIX - II.

RECONCILIATION OF ACTUARIAL ACCRUED LIABILITY

a. 7/1/2010 Actuarial Accrued Liability	\$34,510,724
b. 2010 Normal Cost	\$1,499,966
c. Interest Rate	4.00%
d. Interest on (b. + c.)	\$1,440,427
e. 2010 Benefit Payments	(\$1,203,348)
f. Interest on e.	<u>(\$24,067)</u>
g. 7/1/2011 Expected Actuarial Accrued Liability (a. + b. + d. + e. + f.)	\$36,223,702
h. 2011 Normal Cost	\$1,537,466
i. Interest Rate	4.00%
j. Interest on (g. + h.)	\$1,510,446
k. 2011 Benefit Payments	(\$1,380,037)
l. Interest on k.	<u>(\$27,600)</u>
m. 7/1/2012 Expected Actuarial Accrued Liability (h. + j. + k. + l. + m.)	\$37,863,977
n. Change in Actuarial Accrued Liability due to	
i. Demographic and plan cost changes	(\$6,026,022)
ii. Change in Actuarial Assumptions	\$1,523,541
iii. Total	(\$4,502,481)
o. 7/1/2012 Actuarial Accrued Liability (m. + n. iii.)	\$33,361,496

APPENDIX - III.

DEVELOPMENT OF AMORTIZATION PAYMENT

A. Prior Bases	
1. Amortization Base Balance as of 7/1/2010	\$34,510,724
2. 2010 Amortization Payment	(\$1,470,884)
3. Interest	4.00%
4. Interest on (1) + (2)	<u>\$1,321,593</u>
5. Amortization Base Balance as of 7/1/2011 (1) + (2) + (4)	\$34,361,433
6. 2011 Amortization Payment	(\$1,583,685)
7. Interest	4.00%
8. Interest on (5) + (6)	<u>\$1,311,110</u>
9. Amortization Base Balance as of 7/1/2012 (5) + (6) + (8)	\$34,088,858
6. Remaining Amortization Period	26.43
7. Valuation Interest rate	4.00%
8. Assumed payroll growth	2.50%
9. 2012 Adjusted Amortization Amount	\$1,541,771
B. New Amortization Base	
1. Experience (Gain)/Loss	(\$6,026,022)
2. Assumption Changes	\$1,523,541
3. Plan Change	\$0
4. Loss due to Funding timing	<u>\$3,775,119</u>
5. Total (1) + (2) + (3) + (4)	(\$727,362)
6. Remaining Amortization Period	30
7. Valuation Interest rate	4.00%
8. Assumed payroll growth	2.50%
9. Amortization Amount	(\$29,694)
C. Combined Bases	
1. Amortization Base Balance as of 7/1/2012 (A.9. + B.5.)	\$33,361,496
2. 2012 Preliminary Total Amortization Amount (A.9. + B.9.)	\$1,512,077
3. 2012 Minimum Total Amortization Amount (30 year)	\$1,362,020
4. 2012 Total Amortization Amount (greater of 2. and 3.)	\$1,512,077

APPENDIX – IV
PROJECTED BENEFIT PAYMENTS

<u>Year</u>	<u>Amount</u>	<u>Accumulated</u>	<u>Year</u>	<u>Amount</u>	<u>Accumulated</u>	<u>Year</u>	<u>Amount</u>	<u>Accumulated</u>
2012	\$ 1,045,469	\$ 1,045,469	2045	\$ 2,656,271	\$ 92,882,502	2078	\$ 38,605	\$ 112,618,748
2013	\$ 1,283,994	\$ 2,329,463	2046	\$ 2,610,656	\$ 95,493,158	2079	\$ 31,031	\$ 112,649,779
2014	\$ 1,447,350	\$ 3,776,813	2047	\$ 2,246,789	\$ 97,739,947	2080	\$ 24,578	\$ 112,674,357
2015	\$ 1,610,558	\$ 5,387,371	2048	\$ 2,061,146	\$ 99,801,093	2081	\$ 19,188	\$ 112,693,545
2016	\$ 1,695,087	\$ 7,082,458	2049	\$ 2,019,262	\$ 101,820,355	2082	\$ 14,737	\$ 112,708,282
2017	\$ 1,840,299	\$ 8,922,757	2050	\$ 1,669,417	\$ 103,489,772	2083	\$ 11,150	\$ 112,719,432
2018	\$ 1,969,160	\$ 10,891,917	2051	\$ 1,274,756	\$ 104,764,528	2084	\$ 8,314	\$ 112,727,746
2019	\$ 2,048,921	\$ 12,940,838	2052	\$ 1,178,022	\$ 105,942,550	2085	\$ 6,105	\$ 112,733,851
2020	\$ 2,141,495	\$ 15,082,333	2053	\$ 954,808	\$ 106,897,358	2086	\$ 4,423	\$ 112,738,274
2021	\$ 2,233,420	\$ 17,315,753	2054	\$ 656,846	\$ 107,554,204	2087	\$ 3,154	\$ 112,741,428
2022	\$ 2,301,766	\$ 19,617,519	2055	\$ 574,319	\$ 108,128,523	2088	\$ 2,214	\$ 112,743,642
2023	\$ 2,411,107	\$ 22,028,626	2056	\$ 478,328	\$ 108,606,851	2089	\$ 1,530	\$ 112,745,172
2024	\$ 2,511,522	\$ 24,540,148	2057	\$ 398,447	\$ 109,005,298	2090	\$ 1,041	\$ 112,746,213
2025	\$ 2,599,664	\$ 27,139,812	2058	\$ 368,675	\$ 109,373,973	2091	\$ 701	\$ 112,746,914
2026	\$ 2,719,390	\$ 29,859,202	2059	\$ 340,191	\$ 109,714,164	2092	\$ 465	\$ 112,747,379
2027	\$ 2,725,343	\$ 32,584,545	2060	\$ 313,252	\$ 110,027,416	2093	\$ 307	\$ 112,747,686
2028	\$ 2,892,574	\$ 35,477,119	2061	\$ 287,925	\$ 110,315,341	2094	\$ 201	\$ 112,747,887
2029	\$ 3,073,006	\$ 38,550,125	2062	\$ 264,262	\$ 110,579,603	2095	\$ 129	\$ 112,748,016
2030	\$ 3,100,657	\$ 41,650,782	2063	\$ 242,329	\$ 110,821,932	2096	\$ 84	\$ 112,748,100
2031	\$ 3,401,143	\$ 45,051,925	2064	\$ 222,094	\$ 111,044,026	2097	\$ 54	\$ 112,748,154
2032	\$ 3,536,043	\$ 48,587,968	2065	\$ 203,404	\$ 111,247,430	2098	\$ 35	\$ 112,748,189
2033	\$ 3,771,508	\$ 52,359,476	2066	\$ 186,070	\$ 111,433,500	2099	\$ 22	\$ 112,748,211
2034	\$ 3,823,210	\$ 56,182,686	2067	\$ 169,957	\$ 111,603,457	2100	\$ 14	\$ 112,748,225
2035	\$ 3,822,763	\$ 60,005,449	2068	\$ 154,810	\$ 111,758,267	2101	\$ 3	\$ 112,748,228
2036	\$ 3,837,207	\$ 63,842,656	2069	\$ 140,556	\$ 111,898,823	2102	\$ 2	\$ 112,748,230
2037	\$ 3,658,881	\$ 67,501,537	2070	\$ 126,977	\$ 112,025,800	2103	\$ -	\$ 112,748,230
2038	\$ 3,480,775	\$ 70,982,312	2071	\$ 113,989	\$ 112,139,789	2104	\$ -	\$ 112,748,230
2039	\$ 3,543,336	\$ 74,525,648	2072	\$ 101,557	\$ 112,241,346	2105	\$ -	\$ 112,748,230
2040	\$ 3,385,283	\$ 77,910,931	2073	\$ 89,602	\$ 112,330,948	2106	\$ -	\$ 112,748,230
2041	\$ 3,243,463	\$ 81,154,394	2074	\$ 78,052	\$ 112,409,000	2107	\$ -	\$ 112,748,230
2042	\$ 3,180,245	\$ 84,334,639	2075	\$ 67,090	\$ 112,476,090	2108	\$ -	\$ 112,748,230
2043	\$ 3,106,625	\$ 87,441,264	2076	\$ 56,821	\$ 112,532,911	2109	\$ -	\$ 112,748,230
2044	\$ 2,784,967	\$ 90,226,231	2077	\$ 47,232	\$ 112,580,143	2110	\$ -	\$ 112,748,230

APPENDIX – V
GLOSSARY

Actuarial Accrued Liability. The portion, as determined by a particular Actuarial Cost Method, of the present value of benefits which is not provided for by future Normal Costs.

Actuarial Cost Method. A procedure for determining the Actuarial Present Value of Total Projected Benefits 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.

Actuarially Equivalent. Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.

Actuarial Present Value of Total Projected Benefits. The present value, as of the valuation date, of the cost of future benefits to be paid to employees, retirees, and covered dependents, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. It is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

Annual OPEB Cost. The 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 required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters defined in GAS 45.

Investment Return Assumption (Discount Rate). The rate used to adjust a series of future benefit payments to reflect the time value of money.

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 and technological developments.

Net OPEB Obligation. The cumulative difference since the effective date of GAS 45 between the annual OPEB cost and the employer's contributions to the plan.

Normal Cost. The portion of the Actuarial Present Value of plan benefits which is allocated to a valuation year by the Actuarial Cost Method.

OPEB. Postemployment benefits other than pension benefits.

Pay-As-You-Go. The amount of the benefits paid out to plan participants during the year.

Per Capita Claims Cost. The current average annual cost of providing postretirement health care benefits per individual.

Supplemental Cost. The amount of the Annual Required Contribution attributable to the amortization of the unfunded Actuarial Accrued Liability.