

**Town of East Greenwich, Rhode Island
Postretirement Health Insurance Program**

**Financial Disclosure Information
in accordance with Statement of
Governmental Accounting Standards
Board No. 75**

**for the period beginning July 1, 2016 and
ending June 30, 2017**

Prepared By:

**The Angell Pension Group, Inc.
88 Boyd Avenue
East Providence, RI 02914
Telephone (401) 438-9250**

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I. INTRODUCTION

The purpose of this report is to present certain financial information relative to the Town of East Greenwich, Rhode Island Postretirement Health Insurance Program in accordance with the Statement of Governmental Accounting Standards Board No. 75 (GASB 75).

The report presents the actuarial valuation for the Town of East Greenwich, Rhode Island Postretirement Health Insurance Program as of July 1, 2016. This report is based on the adoption of GASB 75 for the Plan effective July 1, 2017. This report includes the determination of the Plan's current discount rate, Net OPEB Liability, OPEB expense, and balances of deferred inflows and outflows.

This report was based on information submitted to our firm by the Town of East Greenwich, Rhode Island in the form of census data, substantive plan provisions, medical premium rates, asset/benefit payment information, and other ancillary material pertaining to the plan.

Actuarial computations under GASB 75 are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been made on a basis consistent with my understanding of GASB 75 and are in conformity with applicable actuarial standards of practice. To the best of my knowledge, the information contained in this report was determined in accordance with GASB 75. In addition, no relationship exists with the plan or plan sponsor that impairs the objectivity of our work.

I meet the GASB 75 Qualification Standards of the American Academy of Actuaries to render the actuarial opinions included in this report, based upon my education, experience and continuing education.



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

1/9/2018

Date

II. DESCRIPTIVE INFORMATION

Plan Description: Single-employer, defined benefit postretirement health insurance program

Groups Covered: The Town of East Greenwich, Rhode Island can be separated under five groups of employees. Each group is covered under a separate contract with the Town. The groups are:

Police Department
Fire Department
Nat'l Education Association of RI (NEARI)
Department of Public Works (DPW)
Other groups including Non-Union, Town Council,
Department Heads, and Non-Police Union (Other)

Seasonal employees and temporary police are excluded from the Plan.

Benefit Formula: **Police and Fire:** Upon retirement, Police Officers and Fire Fighters receive fully covered medical coverage (single or family) under Blue Cross Blue Shield (or equivalent) until the retiree becomes Medicare eligible. At the time the retiree becomes eligible for Medicare they will become covered under the Group Plan 65 (single or single +1 overage).

Police Officers and Fire Fighters are participants in the Municipal Employee Retirement System (MERS) and are eligible for retirement at age 55 with 10 years of service or any time after attaining 20 years of service. Effective July 1, 2012, retirement age under MERS changed to age 55 and 25 years of service (or Social Security Normal Retirement Age and 5 years of service) for police officers and fire fighters that were not retirement eligible as of June 30, 2012.

DPW, NEARI, and Other divisions: Employees who retire after age 65 and after earning 10 or more years of credited service are eligible for full coverage under the Group Plan 65 (single coverage only). If an employee retires prior to age 65, the retiree is partially covered under the Blue Cross Blue Shield Plan (single coverage only) with the Town contributing

II. DESCRIPTIVE INFORMATION (cont'd)

Benefit Formula (cont'd): 3.3% of the premium per year of service at retirement. Retirees contribute the remaining amount of the required premium which is not funded by the Town.

Employees under this group are participants in the MERS and are eligible for retirement at age 58 with 10 years of service. Effective July 1, 2012, retirement age under MERS changed to Social Security Normal Retirement Age and 5 years of service (early retirement as early as age 59) that were not retirement eligible as of June 30, 2012.

Effective for all individuals retiring after July 1, 1993, the Town's obligation to provide health care coverage for a retiree shall continue until the retiree or his/her spouse is enjoying accident and health coverage from another employer. If the coverage under the new employer provides coverage in an amount less than that provided by the Town plan, the Town shall pay to the accident and health care provider the additional premium required to provide medical benefits not less than provided by the Town plan. If the accidental and health care program under the new employer ceases to be provided at any time before the retiree becomes eligible for Medicare, the Town's obligation to pay for medical coverage shall resume.

Dental coverage is not provided to retirees.

Life Insurance coverage of \$25,000 is provided only to police officers that retire with 20 or more years of service. Some current retirees have life insurance coverage at a lower rate, applicable at the time of retirement.

Significant Events: None.

III. ACTUARIAL METHODS

Measurement Date: July 1, 2016 for all purposes.

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

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

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

Asset Valuation Method: For purposes of determining the unfunded actuarial liability, the actuarial value of assets is equal to the fair market value.

Census Information: Census data and premium information as of July 1, 2016 were used to calculate the Service cost and Total OPEB Liability.

Net OPEB Obligation at Fiscal Year End: Based on actual benefit payments, contributions to the Plan trust, and implicit rate subsidy, if any, for the fiscal year ending June 30, 2017.

IV. ACTUARIAL ASSUMPTIONS

Actuarial assumptions are estimates as to the occurrence of future events impacting the costs of the plan such as mortality rates, withdrawal rates, medical trend rates, retirement ages, rates of investment earnings, etc. The assumptions have been chosen to anticipate the long-term experience of the plan.

Assumptions for the Current Valuation

Discount Rate: 3.57%

This assumption is set using the Fidelity GO AA 20 Yr Index as of 6/30/2017 3.56%.

*Long Term Rate of Return
on Assets:* 7.00%

Healthy Mortality: RP-2014 Employee and Healthy Annuitant with Scale MP-2017 generational improvements from 2006 (Male/Female)

Turnover: Sarason Crocker Straight Table T-1. Sample rates below:

Age	Rate
20	5.4%
25	4.9%
35	2.3%
45	0.3%
50	0.0%

*Health Care Monthly
Premium Rates:*

See Per Capita Medical Costs in Section XIV.

*Health Care Cost Trend Rates -
Medical Costs:*

5.50% per year graded down by the getzen model to an ultimate rate of 3.84% per year.

Marital Status:

75% of future retirees are assumed to be married and elect family medical coverage. Female spouses are assumed to be 3 years younger than males.

Actual spousal information is used for current retirees.

IV. ACTUARIAL ASSUMPTIONS (cont'd)

Participation: 90% of eligible future retirees are assumed to elect medical coverage under the Plan. 100% of current retirees are assumed to participate.

Retirement Rates: Police and Fire:

	Grandfathered Retirement Rates	New Retirement Rates
Age		
46-49	10%	0%
50	10%	20%
51-54	10%	10%
55-59	50%	50%
60	100%	100%

DPW, NEARI, and other divisions:

	Grandfathered Retirement Rates	New Retirement Rates
Age		
58	25%	0%
59	10%	10%
60	25%	20%
61	10%	20%
62	20%	20%
63-64	10%	10%
65	75%	50%
66	50%	50%
67-69	50%	75%
70	100%	100%

Salary Increase Rate: 3.00%

Aging Assumption: Claims costs under Blue Cross Blue Shield are assumed to increase by 3.0% per year to reflect higher healthcare costs for older individuals resulting in an implicit rate subsidy. Claims Costs for coverage under Plan 65 are community rated and do not include an implicit rate subsidy.

V. CHANGES IN ACTUARIAL ASSUMPTIONS

The table below indicates which assumptions, other than the Health Care Premium Rates, have changed from the prior Fiscal Year. In the opinion of the actuary, these changes were made to better reflect current expectations of future experience.

	July 1, 2014	July 1, 2016
<i>Mortality:</i>	<p>IRS 2014 annuitant and non-annuitant mortality tables for males and females. Mortality improvements for the annuitant table are projected 7 years beyond the valuation date. Mortality improvements for the non-annuitant table are projected 15 years beyond the valuation date.</p>	<p>RP-2014 Employee and Healthy Annuitant with Scale MP-2017 generational improvements from 2006 (Male/Female)</p>
<i>Health Care Cost Trend Rates:</i>	<p>6.5% in 2014 graded off 0.5% per year to an ultimate rate of 4.5% per year in 2018</p>	<p>5.50% per year graded down by the getzen model to an ultimate rate of 3.84% per year.</p>
<i>Cost Method:</i>	<p>Projected Unit Credit</p>	<p>Entry Age Normal</p>

VI. DETERMINATION OF DISCOUNT RATE

A. Determination of Discount Rate as of June 30, 2017 - Analysis of Crossover Point

Plan Year Valuation 6/30	Prior Year's Actuarially Determined Contribution	Prior Year's Employee Contributions	Total Prior Year Contributions	Projected Market Value of Assets	Projected Benefit Payments	Projected Benefit Payments		Actuarial Present Value of Benefit Payments		
						"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Portion 7.00%	Present Value of "Unfunded" Portion * 3.56%	Present Value of All Benefit Payments - Single Rate 3.57%
2017	936,767	0	936,767	2,386,135	936,767	936,767	0	875,483	0	904,454
2018	1,007,253	0	1,007,253	1,616,397	1,007,253	1,007,253	0	879,774	0	938,963
2019	1,073,110	0	1,073,110	722,292	1,073,110	722,292	350,818	589,606	315,868	965,849
2020	1,125,385	0	1,125,385	0	1,125,385	0	1,125,385	0	978,437	977,960
2021	1,196,145	0	1,196,145	0	1,196,145	0	1,196,145	0	1,004,208	1,003,596
2022	1,257,620	0	1,257,620	0	1,257,620	0	1,257,620	0	1,019,523	1,018,778
2023	1,357,416	0	1,357,416	0	1,357,416	0	1,357,416	0	1,062,597	1,061,691
2024	1,485,908	0	1,485,908	0	1,485,908	0	1,485,908	0	1,123,196	1,122,101
2025	1,601,344	0	1,601,344	0	1,601,344	0	1,601,344	0	1,168,843	1,167,561
2026	1,773,054	0	1,773,054	0	1,773,054	0	1,773,054	0	1,249,688	1,248,165
2027	1,958,430	0	1,958,430	0	1,958,430	0	1,958,430	0	1,332,894	1,331,107
2028	2,149,845	0	2,149,845	0	2,149,845	0	2,149,845	0	1,412,871	1,410,806
2029	2,238,288	0	2,238,288	0	2,238,288	0	2,238,288	0	1,420,429	1,418,179
2030	2,384,663	0	2,384,663	0	2,384,663	0	2,384,663	0	1,461,297	1,458,804
2031	2,479,688	0	2,479,688	0	2,479,688	0	2,479,688	0	1,467,292	1,464,610
2032	2,592,253	0	2,592,253	0	2,592,253	0	2,592,253	0	1,481,169	1,478,282
2033	2,599,022	0	2,599,022	0	2,599,022	0	2,599,022	0	1,433,987	1,431,018
2034	2,619,620	0	2,619,620	0	2,619,620	0	2,619,620	0	1,395,666	1,392,606
2035	2,698,148	0	2,698,148	0	2,698,148	0	2,698,148	0	1,388,088	1,384,876
2036	2,634,551	0	2,634,551	0	2,634,551	0	2,634,551	0	1,308,777	1,305,590
2037	2,670,543	0	2,670,543	0	2,670,543	0	2,670,543	0	1,281,052	1,277,776
2038	2,673,639	0	2,673,639	0	2,673,639	0	2,673,639	0	1,238,448	1,235,130
2039	2,754,242	0	2,754,242	0	2,754,242	0	2,754,242	0	1,231,927	1,228,477
2040	2,932,234	0	2,932,234	0	2,932,234	0	2,932,234	0	1,266,455	1,262,754
2041	2,975,253	0	2,975,253	0	2,975,253	0	2,975,253	0	1,240,860	1,237,083
2042	2,945,861	0	2,945,861	0	2,945,861	0	2,945,861	0	1,186,367	1,182,612
2043	3,024,889	0	3,024,889	0	3,024,889	0	3,024,889	0	1,176,317	1,172,450
2044	3,069,670	0	3,069,670	0	3,069,670	0	3,069,670	0	1,152,695	1,148,767
2045	3,042,535	0	3,042,535	0	3,042,535	0	3,042,535	0	1,103,231	1,099,337
2046	3,062,919	0	3,062,919	0	3,062,919	0	3,062,919	0	1,072,443	1,068,527
2047	3,063,923	0	3,063,923	0	3,063,923	0	3,063,923	0	1,035,916	1,032,008
2048	3,124,517	0	3,124,517	0	3,124,517	0	3,124,517	0	1,020,088	1,016,115
2049	3,108,146	0	3,108,146	0	3,108,146	0	3,108,146	0	979,860	975,925
2050	3,038,107	0	3,038,107	0	3,038,107	0	3,038,107	0	924,855	921,029
2051	3,028,846	0	3,028,846	0	3,028,846	0	3,028,846	0	890,340	886,548
2052	2,947,125	0	2,947,125	0	2,947,125	0	2,947,125	0	836,537	832,873
2053	2,875,812	0	2,875,812	0	2,875,812	0	2,875,812	0	788,234	784,685
2054	2,719,359	0	2,719,359	0	2,719,359	0	2,719,359	0	719,729	716,402
2055	2,550,153	0	2,550,153	0	2,550,153	0	2,550,153	0	651,743	648,651
2056	2,429,682	0	2,429,682	0	2,429,682	0	2,429,682	0	599,608	596,691
2057	2,326,126	0	2,326,126	0	2,326,126	0	2,326,126	0	554,319	551,554
2058	2,194,301	0	2,194,301	0	2,194,301	0	2,194,301	0	504,929	502,350

VI. DETERMINATION OF DISCOUNT RATE

A. Determination of Discount Rate as of June 30, 2017 - Analysis of Crossover Point

Plan Year Valuation 6/30	Prior Year's Actuarially Determined Contribution	Prior Year's Employee Contributions	Total Prior Year Contributions	Projected Market Value of Assets	Projected Benefit Payments	Projected Benefit Payments		Actuarial Present Value of Benefit Payments		
						"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Portion 7.00%	Present Value of "Unfunded" Portion * 3.56%	Present Value of All Benefit Payments - Single Rate 3.57%
2059	2,098,480	0	2,098,480	0	2,098,480	0	2,098,480	0	466,280	463,842
2060	2,063,253	0	2,063,253	0	2,063,253	0	2,063,253	0	442,693	440,324
2061	2,022,552	0	2,022,552	0	2,022,552	0	2,022,552	0	419,042	416,749
2062	1,976,807	0	1,976,807	0	1,976,807	0	1,976,807	0	395,485	393,273
2063	1,926,367	0	1,926,367	0	1,926,367	0	1,926,367	0	372,146	370,019
2064	1,871,792	0	1,871,792	0	1,871,792	0	1,871,792	0	349,172	347,134
2065	1,813,414	0	1,813,414	0	1,813,414	0	1,813,414	0	326,653	324,707
2066	1,750,521	0	1,750,521	0	1,750,521	0	1,750,521	0	304,485	302,634
2067	1,683,773	0	1,683,773	0	1,683,773	0	1,683,773	0	282,807	281,053
2068	1,613,783	0	1,613,783	0	1,613,783	0	1,613,783	0	261,733	260,079
2069	1,541,305	0	1,541,305	0	1,541,305	0	1,541,305	0	241,385	239,830
2070	1,466,933	0	1,466,933	0	1,466,933	0	1,466,933	0	221,840	220,384
2071	1,391,314	0	1,391,314	0	1,391,314	0	1,391,314	0	203,172	201,814
2072	1,315,256	0	1,315,256	0	1,315,256	0	1,315,256	0	185,462	184,200
2073	1,239,281	0	1,239,281	0	1,239,281	0	1,239,281	0	168,742	167,573
2074	1,163,707	0	1,163,707	0	1,163,707	0	1,163,707	0	153,005	151,927
2075	1,088,902	0	1,088,902	0	1,088,902	0	1,088,902	0	138,248	137,257
2076	1,015,708	0	1,015,708	0	1,015,708	0	1,015,708	0	124,522	123,614
2077	944,233	0	944,233	0	944,233	0	944,233	0	111,780	110,952
2078	874,528	0	874,528	0	874,528	0	874,528	0	99,969	99,216
2079	806,594	0	806,594	0	806,594	0	806,594	0	89,034	88,353
2080	740,611	0	740,611	0	740,611	0	740,611	0	78,940	78,327
2081	676,658	0	676,658	0	676,658	0	676,658	0	69,644	69,095
2082	614,880	0	614,880	0	614,880	0	614,880	0	61,110	60,621
2083	555,405	0	555,405	0	555,405	0	555,405	0	53,302	52,868
2084	498,381	0	498,381	0	498,381	0	498,381	0	46,185	45,804
2085	444,040	0	444,040	0	444,040	0	444,040	0	39,735	39,402
2086	392,482	0	392,482	0	392,482	0	392,482	0	33,914	33,626
2087	343,809	0	343,809	0	343,809	0	343,809	0	28,687	28,440
2088	298,127	0	298,127	0	298,127	0	298,127	0	24,020	23,810
2089	255,634	0	255,634	0	255,634	0	255,634	0	19,888	19,712
2090	216,487	0	216,487	0	216,487	0	216,487	0	16,264	16,118
2091	180,801	0	180,801	0	180,801	0	180,801	0	13,116	12,996
2092	148,719	0	148,719	0	148,719	0	148,719	0	10,418	10,322
2093	120,305	0	120,305	0	120,305	0	120,305	0	8,138	8,062
2094	95,615	0	95,615	0	95,615	0	95,615	0	6,245	6,186
2095	74,550	0	74,550	0	74,550	0	74,550	0	4,702	4,657
2096	56,923	0	56,923	0	56,923	0	56,923	0	3,467	3,433
2097	42,489	0	42,489	0	42,489	0	42,489	0	2,499	2,474
2098	30,987	0	30,987	0	30,987	0	30,987	0	1,760	1,742
2099	22,040	0	22,040	0	22,040	0	22,040	0	1,209	1,196

VI. DETERMINATION OF DISCOUNT RATE

A. Determination of Discount Rate as of June 30, 2017 - Analysis of Crossover Point

Plan Year Valuation 6/30	Prior Year's Actuarially Determined Contribution	Prior Year's Employee Contributions	Total Prior Year Contributions	Projected Market Value of Assets	Projected Benefit Payments	Projected Benefit Payments		Actuarial Present Value of Benefit Payments				
						"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Portion 7.00%	Present Value of "Unfunded" Portion * 3.56%	Present Value of All Benefit Payments - Single Rate 3.57%		
2100	15,251	0	15,251	0	15,251	0	15,251	0	808	799		
2101	10,245	0	10,245	0	10,245	0	10,245	0	524	518		
2102	6,678	0	6,678	0	6,678	0	6,678	0	330	326		
2103	4,219	0	4,219	0	4,219	0	4,219	0	201	199		
2104	2,569	0	2,569	0	2,569	0	2,569	0	118	117		
2105	1,498	0	1,498	0	1,498	0	1,498	0	67	66		
2106	841	0	841	0	841	0	841	0	36	36		
2107	451	0	451	0	451	0	451	0	19	18		
2108	233	0	233	0	233	0	233	0	9	9		
2109	103	0	103	0	103	0	103	0	4	4		
2110	30	0	30	0	30	0	30	0	1	1		
2111	0	0	0	0	0	0	0	0	0	0		
2112	0	0	0	0	0	0	0	0	0	0		
2113	0	0	0	0	0	0	0	0	0	0		
2114	0	0	0	0	0	0	0	0	0	0		
								2,344,863	+	49,363,798	=	51,708,661

* The 3.56% discount rate is the 6/30/2017 Fidelity General Obligation AA - 20 Yrs index.

VI. DETERMINATION OF DISCOUNT RATE

B. Funding Policy

Currently, the funding policy is to fund Actual Benefit Payments.

C. Long Term Expected Rate of Return and Asset Allocation

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

<u>Asset Class</u>	<u>June 30, 2017 Asset Allocation*</u>	<u>Target Asset Allocation*</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	N/A	N/A	N/A
International Equity	N/A	N/A	N/A
Domestic Bond	N/A	N/A	N/A
International Bond	N/A	N/A	N/A
Alternatives	N/A	N/A	N/A
Vanguard Growth Strategy	<u>100.00%</u>	<u>100.00%</u>	<u>7.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	

Projected Rate of Return*: 7.00%

* The Projected Rate of Return was estimated by the plan sponsor.

Money-Weighted Rate of Return for Fiscal Year Ending 06/30/2017**: 13.17%

** This rate is determined assuming contributions and expenses are paid in the middle of the plan year.

VII. Reconciliation of Total OPEB Liability

A. Reconciliation of Total OPEB Liability

Total OPEB Liability (Accrued Liability) at 7/1/2014	\$25,833,615
Service Cost with Interest	911,012
Interest Cost	1,078,264
Gross Benefit Payments	(753,912)
Expected Total OPEB Liability at 7/1/2015	27,068,979
Service Cost with Interest	923,003
Interest Cost	1,129,156
Gross Benefit Payments	(820,288)
Expected Total OPEB Liability at 7/1/2016	28,300,850

B. Method and Assumption changes

	\$ Difference	% Difference
1. Plan Experience		
a. Demographic Experience	(637,106)	-2.35%
b. Medical Claim Experience	(1,383,232)	-4.86%
c. Total	(2,020,338)	
2. Actuarial Cost Method Changes per GASB 75		
a. Entry Age Cost Method Change (per GASB 75)	1,020,110	3.74%
b. Total	1,020,110	
3. Actuarial Assumption Changes		
a. New Health Care Cost Trend	2,956,883	10.63%
b. New Mortality table	877,661	3.26%
c. Discount Rate	7,381,088	23.71%
d. Total	11,215,632	

C. Total OPEB Liability at 7/1/2016

(A. + B.1.c. + B.2.b. + B.3.e.)	38,516,254
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VIII. NET OPEB LIABILITY

A. Estimated Net OPEB Liability as of July 1, 2016

The Net OPEB Liability for the Plan was measured as of July 1, 2016, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2016.

The components of the Net OPEB Liability of the Plan as of July 1, 2016, were as follows:

Total OPEB Liability	\$38,516,254
Plan Fiduciary Net Position	<u>\$ (1,778,769)</u>
Net OPEB Liability	<u><u>\$ 36,737,485</u></u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	4.62%
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The discount rate used to calculate the Total OPEB Liability was 2.93%.

B. Net OPEB Liability as of June 30, 2017

The Net OPEB Liability for the Plan was measured as of June 30, 2017, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2016.

The components of the Net OPEB Liability of the Plan as of June 30, 2017, were as follows:

Total OPEB Liability	\$36,317,401
Plan Fiduciary Net Position	<u>(\$2,386,135)</u>
Net OPEB Liability	<u><u>\$ 33,931,266</u></u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	6.57%
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The discount rate used to calculate the Total OPEB Liability was 3.57%.

VIII. NET OPEB LIABILITY(cont'd)

C. Changes in Net OPEB Liability for the Fiscal Year ending June 30, 2017

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Estimated Balance as of 7/1/2016	\$38,516,254	\$1,778,769	\$36,737,485
Changes for the year:			
Service Cost	1,601,706		1,601,706
Interest on Total OPEB Liability	1,114,524		1,114,524
Differences Between Expected and Actual Experience	(221,518)		(221,518)
Changes of Assumptions	(3,884,069)		(3,884,069)
Changes in Benefit Terms	0		0
Contributions - Employer		1,159,496	(1,159,496)
Net Investment Income		257,366	(257,366)
Benefit Payments	(809,496)	(809,496)	0
Administrative Expense		0	0
Other Changes	0		0
Net Changes	<u>(\$2,198,853)</u>	<u>\$607,366</u>	<u>(\$2,806,219)</u>
Balance as of 6/30/2017	<u>\$36,317,401</u>	<u>\$2,386,135</u>	<u>\$33,931,266</u>

VIII. NET OPEB LIABILITY(cont'd)

D. Sensitivity of the Net OPEB Liability to Changes in Discount Rate as of June 30, 2017

The following presents the Net OPEB Liability as of June 30, 2017 calculated using the discount rate of 3.57%, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.57%) or 1-percentage-point higher (4.57%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	2.57%	3.57%	4.57%
Plan's Net OPEB Liability as of June 30, 2017:	40,524,782	33,931,266	28,792,364

E. Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rate as of June 30, 2017

The following presents the Net OPEB Liability as of June 30, 2017 calculated using the trend rate of 5.50% per year graded down by the getzen model to an ultimate rate of 3.84% per year., as well as what the Net OPEB Liability would be if it were calculated using a trend rate that is 1-percentage-point lower (4.50% per year graded down by the getzen model to an ultimate rate of 2.84% per year.) or 1-percentage-point higher (6.50% per year graded down by the getzen model to an ultimate rate of 4.84% per year.) than the current rate:

	<u>1% Decrease</u>	<u>Current HCCTR</u>	<u>1% Increase</u>
	4.50% per year graded down by the getzen model to an ultimate rate of 2.84% per year.	5.50% per year graded down by the getzen model to an ultimate rate of 3.84% per year.	6.50% per year graded down by the getzen model to an ultimate rate of 4.84% per year.
Plan's Net OPEB Liability as of June 30, 2017:	27,983,184	33,931,266	41,723,341

VIII. NET OPEB LIABILITY

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

Fiscal Year Ending	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Total OPEB Liability (TOL)										
Service Cost	\$ 1,601,706									
Interest on TOL	1,114,524									
Differences between exp. and actual experi	(221,518)									
Changes of assumptions	(3,884,069)									
Other changes	0									
Changes in benefit terms	0									
Benefit payments	(809,496)									
Net Change in TOL	(2,198,853)									
Total OPEB Liability - beginning	38,516,254									
Total OPEB Liability - end (a)	<u>\$ 36,317,401</u>									
Plan Fiduciary Net Position (FNP)										
Contributions - Employer	\$ 1,159,496									
Contributions - Employee	0									
Net investment income	257,366									
Benefit payments	(809,496)									
Administrative expense	0									
Other changes	<u>0</u>									
Net Changes in FNP	607,366									
Fiduciary Net Position - beginning	1,778,769									
Fiduciary Net Position - end (b)	<u>\$ 2,386,135</u>									
Net OPEB Liability - ending (a) - (b)	<u>\$ 33,931,266</u>									
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	6.57%									
Covered Employee Payroll	\$ 8,706,494									
Net OPEB Liability as a percentage of covered employee payroll	389.72%									

Notes to Schedule: Covered Employee Payroll data was provided directly by Town of East Greenwich as of 7/1/2016

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

B. Actuarially Determined Contribution

Total OPEB Liability	38,516,254
Fiduciary Net Position	1,778,769
Net OPEB Liability	36,737,485
Service Cost	1,556,112
Expected Benefit Payments	882,249
Amortization Period	30
Discount Rate	2.93%
Amort of NOL	1,857,401
SC with interest	1,601,706
Actuarially determined Contribution	\$ 3,459,107

X. SCHEDULE OF INVESTMENT RETURNS

A. Schedule of Investment Returns - Last 10 Fiscal Years

Fiscal Year Ending	6/30/2017	6/30/2016	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008	6/30/2007
Annual money-weighted rate of return, net of investment expense	13.17%									

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

XI. OPEB EXPENSE

A. OPEB Expense for the Fiscal Year Ending June 30, 2017

1.	Service Cost as of July 1, 2016	\$	1,556,112
2.	Interest on the Total OPEB Liability		
	a. Total OPEB Liability as of July 1, 2016		\$38,516,254
	b. Service Cost		1,556,112
	c. Expected benefit payments (time-weighted)		(477,885)
	d. Average expected Total OPEB Liability	\$	39,594,481
	e. Discount Rate		2.93%
	f. Interest on the Total OPEB Liability [(d) x (e)]	\$	1,160,118
3.	Projected earning on OPEB plan investments		
	a. Fiduciary Net Position as of July 1, 2016		\$1,778,769
	b. Plan Contributions (time-weighted)		477,885
	c. Expected benefit payments (time-weighted)		(477,885)
	d. Average expected Fiduciary Net Position	\$	1,778,769
	e. Long Term Rate of Return on Investments		7.00%
	f. Earnings on Fiduciary Net Position [(d) x (e)]	\$	124,514
4.	Recognition of Deferred Outflows and (Inflows) of Resources ¹		
	a. Difference between expected and actual experience	\$	(24,117)
	b. Changes of assumptions	\$	(422,871)
	c. Difference between projected and actual earnings on Plan investments	\$	(26,570)
	d. Total recognized deferred outflow and (inflows) of resources [(a) + (b) + (c)]	\$	(473,558)
5.	Employee Contributions	\$	0
6.	Administrative Expenses	\$	0
7.	Other changes	\$	0
8.	Total OPEB Expense for the Fiscal Year Ending June 30, 2017	\$	2,118,158
	[(1) + (2.f) - (3.f) + (4.d) + (5) + (6) + (7)]		

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

XI. OPEB EXPENSE

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

The Plan's deferred outflows of resources and deferred (inflows) of resources as of June 30, 2017 are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
1. Difference between expected and actual experience	\$ 0	\$ (197,401)
2. Changes of assumptions	\$ 0	\$ (3,461,198)
3. Difference between projected and actual earnings on Plan investments	<u>\$ 0</u>	<u>\$ (106,282)</u>
4. Total Deferred Outflows / (Inflows)	<u><u>\$ 0</u></u>	<u><u>\$ (3,764,881)</u></u>

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

5. Fiscal Year Ending:	June 30, 2018	\$ (473,558)
	June 30, 2019	\$ (473,558)
	June 30, 2020	\$ (473,558)
	June 30, 2021	\$ (473,560)
	June 30, 2022	\$ (446,988)
	Thereafter	<u>\$ (1,423,659)</u>
	Total	<u><u>\$ (3,764,881)</u></u>

XII. DEFERRED OUTFLOWS AND INFLOWS

A. Schedule of Differences Between Expected and Actual Plan Experience

Year Ending	Difference Between Expected and Actual Experience	Recognition Period (Years)	Deferred Outflow/ (Inflow) as of 7/1/2016	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience												
				6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	
6/30/2017	(221,518)	9.185	(221,518)	(24,117)	(24,117)	(24,117)	(24,117)	(24,117)	(24,117)	(24,117)	(24,117)	(24,117)	(24,117)	(4,465)	0	0
				\$ (24,117)	\$ (24,117)	\$ (24,117)	\$ (24,117)	\$ (24,117)	\$ (24,117)	\$ (24,117)	\$ (24,117)	\$ (24,117)	\$ (24,117)	\$ (4,465)	\$ -	\$ -

B. Schedule of Changes in Plan Assumptions

Year Ending	Difference Between Expected and Actual Experience	Recognition Period (Years)	Deferred Outflow/ (Inflow) as of 7/1/2016	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Changes of Plan Assumptions													
				6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028		
6/30/2017	(3,884,069)	9.185	(3,884,069)	(422,871)	(422,871)	(422,871)	(422,871)	(422,871)	(422,871)	(422,871)	(422,871)	(422,871)	(422,871)	(422,871)	(78,230)	0	0
				\$ (422,871)	\$ (422,871)	\$ (422,871)	\$ (422,871)	\$ (422,871)	\$ (422,871)	\$ (422,871)	\$ (422,871)	\$ (422,871)	\$ (422,871)	\$ (422,871)	\$ (78,230)	\$ -	\$ -

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

Year Ending	Difference Between Expected and Actual Experience	Recognition Period (Years)	Deferred Outflow/ (Inflow) as of 7/1/2016	Increase/(Decrease) in OPEB Expense Arising from the Recognition of Difference Between Projected and Actual Earnings on Plan Investments					
				6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
6/30/2017	(132,852)	5.000	(132,852)	(26,570)	(26,570)	(26,570)	(26,570)	(26,572)	0
				\$ (26,570)	\$ (26,570)	\$ (26,570)	\$ (26,570)	\$ (26,572)	\$ -

XII. DEFERRED OUTFLOWS AND INFLOWS

D. Plan Demographics Projected to June 30, 2017

Status	<u>Count</u>	<u>Avg. Future Service</u>
Active	152	13.655
Retirees and Beneficiaries	<u>83</u>	<u>1.000</u>
Total	235	9.185

XIII. BREAKOUT OF LIABILITY BY GROUP

A. Headcounts	Police	DPW	NEARI	Other	Fire	Total
1. Actives	35	24	28	26	39	152
2. Retirees	29	7	13	9	25	83
3. Total	64	31	41	35	64	235
4. Payroll for Actives	\$ 2,397,471	\$ 1,117,030	\$ 1,287,937	\$ 1,348,429	\$ 2,555,627	\$ 8,706,494
B. Total OPEB Liability (TOL)						
Medical:						
1. Actives	\$ 6,948,279	\$ 1,283,216	\$ 1,285,433	\$ 1,183,543	\$ 7,423,582	\$ 18,124,053
2. Retirees	\$ 8,420,776	\$ 460,374	\$ 656,332	\$ 547,313	\$ 9,439,041	\$ 19,523,836
3. Total	\$ 15,369,055	\$ 1,743,590	\$ 1,941,765	\$ 1,730,856	\$ 16,862,623	\$ 37,647,889
4. Normal Cost	\$ 541,183	\$ 89,418	\$ 110,289	\$ 102,477	\$ 695,003	\$ 1,538,370
Life:						
1. Actives	\$ 129,863	\$ 0	\$ 0	\$ 0	\$ 120,691	\$ 250,554
2. Retirees	\$ 308,842	\$ 0	\$ 0	\$ 2,755	\$ 306,214	\$ 617,811
3. Total	\$ 438,705	\$ 0	\$ 0	\$ 2,755	\$ 426,905	\$ 868,365
4. Normal Cost	\$ 7,578	\$ 0	\$ 0	\$ 0	\$ 10,164	\$ 17,742
Total:						
1. Actives	\$ 7,078,142	\$ 1,283,216	\$ 1,285,433	\$ 1,183,543	\$ 7,544,273	\$ 18,374,607
2. Retirees	\$ 8,729,618	\$ 460,374	\$ 656,332	\$ 550,068	\$ 9,745,255	\$ 20,141,647
3. Total	\$ 15,807,760	\$ 1,743,590	\$ 1,941,765	\$ 1,733,611	\$ 17,289,528	\$ 38,516,254
4. Normal Cost	\$ 548,761	\$ 89,418	\$ 110,289	\$ 102,477	\$ 705,167	\$ 1,556,112
C. Net OPEB Liability						
1. Total OPEB Liability	\$ 15,807,760	\$ 1,743,590	\$ 1,941,765	\$ 1,733,611	\$ 17,289,528	\$ 38,516,254
2. Fiduciary Net Position	\$ 730,039	\$ 80,523	\$ 89,675	\$ 80,062	\$ 798,470	\$ 1,778,769
3. Net OPEB Liability	\$ 15,077,721	\$ 1,663,067	\$ 1,852,090	\$ 1,653,549	\$ 16,491,058	\$ 36,737,485
4. NOL as a Percent of Payroll	628.90%	148.88%	143.80%	122.63%	645.28%	421.95%
C. Exp. Benefit Payments						
	\$ 433,340	\$ 39,620	\$ 35,322	\$ 46,804	\$ 327,163	\$ 882,249
D. TOL as a Percent of Payroll						
	659.4%	156.1%	150.8%	128.6%	676.5%	442.4%

XIV. PER CAPITA MEDICAL COSTS

A. Under Age 65 Per Capita Medical Costs, July 1, 2016

1.	Annual premium for participant coverage	6,993.48
2.	Annual premium for participant coverage including spouse	17,479.44
3.	Percentage of married participants electing family coverage	75.00%
4.	Average annual premium per person [25% x (1.) + 75% x (2.)] / [1 + 0.75]	8,490.26
5.	Average age of covered participants under 65:	48.32
6.	Factor to adjust to age 65 per assumptions [1.03 ^ (65.00 - (5.))]	163.73%
7.	Estimate fiscal 2016 claims costs adjusted to age 65 basis per person:	13,900.99
8.	Sample projected claims costs per age:	

<u>Age</u>	<u>Aging Assumption</u>	<u>Pre-65 Cost</u>
40	3.00%	6,639.19
45	3.00%	7,696.64
50	3.00%	8,922.52
55	3.00%	10,343.64
60	3.00%	11,991.12
65	3.00%	13,900.99

B. Historical Medical Premiums - Monthly

	<u>7/1/2014</u>	<u>7/1/2015</u>	<u>7/1/2016</u>
1. Blue Cross Blue Shield			
a. Single Coverage	562.51	575.26	582.79
b. Family Coverage	1,364.32	1,437.79	1,456.62
2. Plan 65	190.80	194.33	207.23

XV. PARTICIPANT DATA

A. Reconciliation of Participant Data

	<u>Actives</u>	<u>Retirees/ Surviving Spouses</u>	<u>Total</u>
Total as of July 1, 2014	146	76	222
New Entrants	25	n/a	25
Terminations/Dropped	(14)	n/a	(14)
Active deaths	-	n/a	0
Fire Dept Additions	-	-	0
New retirees	(5)	5	0
New beneficiaries	-	-	0
Retiree/beneficiary deaths	n/a	-	0
Dropped coverage	n/a	-	0
Data adjustments	-	2	2
Total as of July 1, 2016	152	83	235

B. Age and Service Distribution of Members

1. Eligible Active Members:

Complete Years of Service as of July 1, 2016

<u>Attained</u> <u>Age</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>Total</u>
Under 25	-	-	-	-	-	-	-	0
25-29	12	1	-	-	-	-	-	13
30-34	6	6	-	-	-	-	-	12
35-39	2	9	9	-	-	-	-	20
40-44	4	1	9	3	-	-	-	17
45-49	4	8	10	4	3	4	-	33
50-54	3	2	3	4	3	4	1	20
55-59	4	6	2	4	5	1	2	24
60-64	1	-	3	2	3	2	-	11
65+	-	-	1	1	-	-	-	2
Total	36	33	37	18	14	11	3	152

XV. PARTICIPANT DATA (cont'd)

2. Retired Members:

<u>Attained Age</u>	<u>Individual Coverage</u>	<u>Family (or EE+1) Coverage</u>	<u>Total</u>
Under 50	-	7	7
50-54	-	10	10
55-59	5	6	11
60-64	6	6	12
65-69	10	5	15
70-74	10	4	14
75+	13	1	14
Total	44	39	83

C. Participant Statistics

1. Eligible Active Members:

	Police	DPW	NEARI	Other	Fire	Total
Count:	35	24	28	26	39	152
Average age:	43.7	49.8	51.9	50.2	40.5	46.4
Average past service:	12.1	14.8	12.1	11.8	10.0	11.9
Average future service until retirement:	10.8	13.0	11.3	13.2	13.4	12.3
Average age of retirement:	54.4	62.7	63.2	63.4	53.9	58.7

2. Retired Members and Spouses:

	Police	DPW	NEARI	Other	Fire	Total
Count:	29	7	13	9	25	83
Average age for "under 65":	56.1	62.8	0.0	61.8	53.5	55.5
Average age for "over 65":	73.9	73.8	73.6	76.0	76.0	74.4
Average age all retirees:	63.5	70.7	73.6	72.8	58.9	65.3
Expected future lifetime:	23.1	16.9	15.4	16.1	27.3	21.9

3. Average age of covered participants under 65: 48.32

XVI. GLOSSARY FOR OPEB AND GASB 75

Actuarial Accrued Liability (AAL) – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value (APV) of plan benefits and expenses allocated to all periods prior to the valuation date. This is the amount of the APV not provided by future Normal Costs.

- a) 100% of the actuarial present value of benefits expected to be paid (APV) to:
 - i) Retirees and their dependents
 - ii) Active employees who have attained their expected retirement date and their dependents

- b) Proportionate amount, based on employee service recognized up to the valuation date, of the actuarial present value of benefits expected to be paid (AAL) for active employees who have not yet attained their expected retirement date.

The AAL is the benefit obligation disclosed in the financial statements representing current plan liability.

Active Plan Participant – Any active employee who has rendered service during the credited service period and is expected to receive benefits, including benefits to or for any beneficiaries and covered dependents, under the Postemployment benefit plan.

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

Actuarial determined contribution (ADC) – A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Actuarial Present Value of Total Projected Benefits (APV) – The actuarial present value of the cost to finance, as of a specified date, all future benefit costs or a series of benefit costs, with each amount adjusted to reflect (a) the time value of money (through discounts for interest) and (b) the probability of payment (for example, by means of decrements for events such as death, disability, withdrawal or retirement) between the specified date and the expected date of payment. This includes benefits to current active members, terminated employees entitled to benefits but not yet receiving them, if any, retirees, their beneficiaries and any covered dependents pursuant to the terms of the OPEB plan. Expressed another way, 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.

Amortization Payment – That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability (UAAL).

Attribution Period – The period of an employee's service to which the actuarial present value of total projected benefits for that employee is assigned. The beginning of that period is generally the employee's date of hire and the end of the attribution period is the full eligibility date.

XVI. GLOSSARY FOR OPEB AND GASB 75

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

- a. The actuarial present value of benefit payments projected to be made in future periods in which (1) the amount of the OPEB plan's fiduciary net position is projected (under the requirements of this Statement) to be greater than the benefit payments that are projected to be made in that 35 period and (2) OPEB plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on **OPEB** plan investments
- b. The actuarial present value of projected benefit payments not included in (a), calculated using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

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

Full Eligibility Date – The date at which an employee has rendered all service necessary to receive full benefits under the plan.

Gains and Losses – Changes in the Unfunded Actuarial Accrued Liability (UAAL) that is the result of actual experience of the plan being different than what was expected.

Health Care Cost Trend Rate (HCCTR) – An assumption about the annual rate(s) of change in the cost of health care benefits which are currently provided by the Postemployment benefit plan, due to factors other than changes in the composition of the plan population by age and dependency status, for each year from the measurement date until the end of the period in which benefits are expected to be paid. The Health Care Cost Trend Rate implicitly considers estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of the plan participants.

Differing types of service, such as hospital care and dental care, may have different trend rates as may service for different portions of the plan population, such as Medicare eligible and non-Medicare eligible members.

XVI. GLOSSARY FOR OPEB AND GASB 75

Implicit Rate Subsidy – It is a common practice to permit retired employees to continue in the plan sponsor’s group health insurance plan at their own cost once eligibility for plan sponsor paid benefits is exhausted. This practice creates an OPEB liability based on the theory that retirees have higher utilization of health care benefits than active employees. Therefore, unless the premium rate for retirees is set to fully recover their health costs, the premium for active employees is implicitly overstated to subsidize utilization by retirees. This is called implicit rate subsidy. This rate subsidy is considered a benefit subject to OPEB valuation, included in GASB75.

The OPEB liability normally includes the cost of the implicit rate subsidy for the years in which the retiree is paying the insurance costs for continued coverage. When the retiree is eligible for Medicare, the cost of coverage is generally much closer to the premium cost. Therefore, there is no OPEB liability assumed for Medicare-eligible retirees paying 100% of the premium.

Interest on Total OPEB Liability – The accrual of interest on the TOL for the year of the valuation. It is calculated by applying the beginning of year Discount Rate to the sum of the Expected Benefit Payments and ToL as of the beginning of year.

Market Value (or Fair Value) of Plan Assets – The amount that a plan could reasonable expect to receive for an investment in a current sale between a willing buyer and a willing seller.

Market-Related Value of Plan Assets – A balance used to calculate the Expected Return of Plan Assets. Market-related value can be either fair value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years.

Normal Cost – The portion of the Actuarial Present Value of Total Projected Benefits (APV) attributed to employee service during a valuation year by the Actuarial Cost Method.

Net OPEB Liability – The liability of employers and nonemployer contributing entities to plan members for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 3 of GASB 74.

OPEB Assets – The amount recognized by an employer for contributions to an OPEB plan greater than the OPEB expense.

OPEB Expenditures – The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the modified accrual basis of accounting.

OPEB Expense – The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the accrual basis of accounting.

OPEB Liabilities – The amount recognized by an employer in each accounting period for contributions to an OPEB plan less than OPEB expense/expenditures.

XVI. GLOSSARY FOR OPEB AND GASB 75

Open Group/Closed Group – Terms used to distinguish between two classes of Actuarial Cost Methods. Under an Open Group Actuarial Cost Method, Actuarial Present Values associated with expected future entrants are considered; under a Closed Group Actuarial Cost Method, Actuarial Present Values associated with expected future entrants are not considered.

Pay-As-You-Go (PAYGO) – A method of expensing retiree medical benefits recognizing as an expense the cash currently paid as benefits to retirees, spouses and covered dependents. The minimum method of financing a plan, having no pre-funding until benefits actually become payable.

Per Capita Benefit Cost by Age – The current cost of providing OPEB health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.

Plan Fiduciary Net Position – Assets which have been irrevocably dedicated to the payment of benefits under the

Postemployment – The period between termination of employment and retirement as well as the period after retirement.

Postemployment Benefits – All forms of benefits, other than retirement income (pensions), provided by the employer to the retiree, including, but not limited to, health care, life insurance and legal assistance.

Substantive Plan – The terms of a postemployment benefit plan as understood by an employer and plan members that provides postemployment benefits to the employees who render services in exchange for those benefits. The substantive plan is the basis for the accounting for this transaction. In some situations an employer's cost-sharing policy, as evidenced by past practice or by communication of intended changes to a plan's cost-sharing provisions, or a past practice of regular increases in certain monetary benefits may indicate that the substantive plan differs from the existing written plan.

Total OPEB Liability – The portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with the requirements of GASB 74. The total OPEB liability is the liability of employers and nonemployer contributing entities to plan members for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 3 of GASB 74.

Unfunded Actuarial Accrued Liability (UAAL) -- The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

Valuation Date – The date as of which the plan assets and OPEB obligations are measured.