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June 30, 2011
Actuarial Valuation of
The Post Retirement Benefits Plan
of the City of Burlington

December 2011

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Executive Summary

Key GASB 45 Valuation Results

The following table provides key GASB 45 valuation results for fiscal year ending 2011. Prior information is provided for comparative purposes. Results were determined using a 4% discount rate.

	June 30, 2011	June 30, 2009
Actuarial Accrued Liability	$3,920,235	$3,593,453

	Fiscal 2011	Fiscal 2010
Annual Required Contribution	$339,340	$320,729

Nature of the Benefits Included in this Valuation

The City of Burlington provides subsidized retiree medical and life insurance benefits to certain eligible retirees. While retirees must pay 100% of premium to continue coverage in the retiree medical plan, this benefit is expected to provide for an implicit subsidy in the years before Medicare. For benefits provided to pre-Medicare retirees, the premium is developed by blending the claims experience of active and non-Medicare retired participants. Since retirees are older, their costs are expected to be greater than the premiums developed on this basis. Thus, since the retirees only have to pay the lower blended premium, their rates have an implicit subsidy. Retiree life insurance ranging from $2,000 to $10,000 is provided to eligible retirees on a non-contributory basis.

The City currently does not pre-fund for these benefits.

SECTION I – ACTUARIAL CERTIFICATION

Actuarial Certification and Statement of Actuarial Opinion
December 2011

Buck Consultants, LLC (Buck) was retained by the City of Burlington to prepare an actuarial valuation of the City's post-retirement benefits plan. Key results of the valuation are presented in this report, which reflects plan liabilities and costs calculated pursuant to Statement No. 45 [*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45)] of the Governmental Accounting Standards Board.

Data Used

This valuation was performed using employee census data, enrollment data, claims, premiums, participant contributions, and plan provision information provided by personnel or vendors of the City. Buck did not audit these data, although they were reviewed for reasonability. The results of the valuation are dependent on the accuracy of the data.

Valuation Date

Census data was collected as of June 30, 2011, with claims and premium information reviewed for the period July 1, 2008 through June 30, 2011. Results were calculated at June 30, 2011 and used for determination of the Annual Required Contribution (ARC) for fiscal year ending 2011.

Scope

This valuation pertains to the City's post-retirement benefit plan. We understand that the City offers other postemployment benefits that warrant measurement under GASB 45. However, the scope of this valuation is limited to the City's postretirement health and welfare benefit program as described in this report.

Purpose of This Report

This report has been prepared at the request of the City, for use in financial reporting. Buck's work product was prepared exclusively for the use or benefit of the City for preparation of the City's financial statements under GASB 45. The results may not be appropriate for other purposes, such as analyzing proposed design alternatives. It is a complex, technical analysis that assumes a high level of knowledge concerning the City's operations, and uses data provided by City, which Buck has not audited. The undersigned actuary is available to answer any questions regarding Buck's work product.

Actuarial Status of the Plan

The undersigned actuary worked with the plan sponsor on assumption selection and the actuary believes that the assumptions used in this valuation are reasonable for the purposes stated. Given the economic assumptions selected, the costs and actuarial exhibits presented in this report have been prepared in accordance with Generally Accepted Accounting Practices and the requirements of GASB 45.

The undersigned actuary has evaluated the demographic assumptions used in the valuation that are based to a degree on the assumptions used in the valuation of the Burlington Employees' Retirement System, which were developed by other qualified actuaries at Buck Consultants based on the experience of the System. The actuary issuing this analysis has developed additional assumptions based on experience of the medical benefit arrangements valued, and feel that these additional assumptions are reasonable for this purpose.

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.

Based on the foregoing, the cost results and actuarial exhibits presented here were determined on a consistent and objective basis in accordance with applicable Actuarial Standards of Practice and generally accepted actuarial procedures. They fully and fairly disclose the actuarial position of the Plan based on the employee and plan cost data submitted, and the assumptions selected by the plan sponsor.

Stephan Oates is an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries, and meets the Qualification Standards of the Academy to render the actuarial opinions contained herein.

Respectfully Submitted,

12/12/2011

Stephan Oates, ASA, MAAA, EA

Date

Director, Health and Productivity

Buck Consultants, LLC

SECTION II – KEY VALUATION RESULTS

		Pay-as-you-go 4%
a) Actuarial valuation date		June 30, 2011
b) Actuarial Value of Assets	$	0
c) Actuarial Accrued Liability		
Subsidized Retiree Medical	$	2,806,668
Retiree Life Insurance Benefits		1,113,567
Total AAL	$	3,920,235
d) Unfunded Actuarial Liability "UAL" [c - b]	$	3,920,235
e) Funded ratio [b / c]		0.0%
f) Annual covered payroll	$	34,624,868
g) UAL as percentage of covered payroll		11.3%
h) Normal Cost for fiscal year 2011	$	206,244
i) Amortization of UAL for fiscal year 2011*	$	121,860
j) Interest to end of fiscal year	$	11,236
k) Annual Required Contribution "ARC" for fiscal year 2011 [h + i + j]	$	339,340
l) Estimated benefit payments for FYE 2012	$	94,409

* 30-year amortization, increasing 4% per year

SECTION II – KEY VALUATION RESULTS

BY DIVISION

	General Fund	Burlington Electric Department	Revenue Departments	Total
Accrued Liability @ 4%				
Subsidized Retiree Medical	$2,027,298	$412,417	$366,953	$2,806,668
Retiree Life Insurance Benefits	541,383	320,060	252,124	1,113,567
Total	$2,568,681	$732,477	$619,077	$3,920,235
Annual Required Contribution @ 4%				
Normal Cost	136,489	35,698	34,057	206,244
Amortization of UAL	80,127	22,722	19,011	121,860
Interest Cost	7,228	2,071	1,937	11,236
Total	223,844	60,491	55,005	339,340
Estimated Benefit Payments *	$71,805	$13,314	$9,290	$94,409

* Reflects implicit pre-Medicare subsidy (age-based medical cost less retiree premium) and expected life insurance benefits to be paid.

SECTION III – MEMBERSHIP DATA AND MEDICAL PREMIUM

Monthly Premiums effective July 1, 2011

Continuation in the Group Medical plan is available to retirees and their families at the following monthly premium rates:

Medical Plans:

BCBS	
Individual	$505.99
2 Person	$1,104.20
Family	$1,482.75
Medi-Comp	
Individual	$273.45

Participant Information

	General Fund	Burlington Electric Department	Revenue Departments	Total
Number Active	395	122	125	642
Retirees with Life Insurance *	155	47	20	222
Total Number of Participants	550	169	145	864
Retirees & Spouses with Subsidized Medical**	22	1	3	26
Average Age / Service for Actives	42.5 / 10.8	51.7 / 18.7	47.9 / 12.1	45.3 / 12.6
Payroll	$20,241,195	$8,384,898	$5,998,775	$34,624,868
Retiree Life Insurance-in-force	$554,000	$190,000	$160,000	$904,000

* A subset of this group receives subsidized retiree medical benefits.
** Individuals who are covered for Medi-Comp are not included in the valuation because we assume that their coverage is not subsidized.

SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress on a Pay-As-You-Go Basis - 4%

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b) - (a) Unfunded AAL (UAL)	(a) / (b) Funded Ratio	(c) Payroll	(d) Unfunded AAL as % of Payroll
June 30, 2009	0	3,593,453	3,593,453	0.0%	33,073,193	10.9%
June 30, 2011	0	3,920,235	3,920,235	0.0%	34,624,868	11.3%

SECTION V – NET OPEB OBLIGATION

GASB Statement No. 45 requires the development of Annual OPEB Cost and Net OPEB Obligation (NOO). This development is shown in the following tables.

Development of OPEB Cost and Net OPEB Obligation (NOO)

Year Ending June 30	Annual Required Contribution	Interest on NOO	Amortization of NOO	Annual OPEB Cost (1) + (2) - (3)	Actual Contribution*	Change in NOO (4) - (5)	NOO Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2008	$290,000			$303,548			$287,452
2009	$304,548			$306,048			$591,000
2010	$320,729	$24,427	$20,356	$324,800	$2,800	$322,000	$913,000
2011	$339,340	$36,520	$30,433	$345,427	$118,314	$227,113	$1,140,113

Information prior to 2011 was taken from the City's audited *2010 Annual Financial Report*.

* GASB guidance[1] states that the implicit subsidy should be reflected in both the expense measurement and in the contributions entries. For 2011, we recommend tracking "Actual Contributions" using the following approach:

(1)	BC/BS of VT early retirees claims paid **	$268,000
(2)	Premiums collected for early retirees (per census)	$163,000
(3)	Death benefits paid to retirees (per census)	$ 20,000
(4)	Contributions made = (1) – (2) + (3)	$125,000

Finally, ERRP reimbursements received reduces the Contributions Made accordingly:
$125,000 - $6,686 = $118,314.

** Source: BCBS VT *Group Actual Payment by Account and Month Report*

[1]GASB 45 Implementation Guide indicates that the City should use "age-adjusted premiums" with an offsetting adjustment to active cost reporting (see Q&A #s 58 and 60).

SECTION VI – DISCOUNT RATE SENSITIVITY

SENSITIVITY OF RESULTS TO DISCOUNT RATE ASSUMED			
	3.0%	**4.0%**	**Full Funding 8.0%**
AAL at 6/30/2011	$4,492,000	$3,920,235	$2,488,000
ARC for FYE 2011:			
Normal Cost	$247,000	$206,244	$111,000
Amortization UAL	120,000	121,860	130,000
Interest Cost	10,000	11,236	16,000
Total ARC	$377,000	$339,340	$257,000

Pay-as-you Go Funding:
GASB 45 requires the use of a discount rate that reflects the estimated long-term investment return on assets that are expected to finance the payment of benefits. Since the plan is currently funded on a pay-as-you-go basis, the discount rate should reflect the expected long term return on unrestricted general funds of the City. This report presents results using a discount rate of 4.00%. Due to the current low interest rate environment, we are also providing results under an alternative discount rate of 3.00%. This alternative scenario is intended to illustrate the potential increases in plan liabilities should low interest rates persist and management selects a lower discount rate for a future valuation. It should be noted that GASB 45 is based on long term expectations, thus short term swings in the interest rate environment do not need to be reflected in the calculations.

Full Funding:
If the City elects to start fully funding the ARC and investing assets for a longer-term time horizon, selection of a higher discount rate would likely be warranted. We have provided sensitivity results at the 8% rate used for the City's funded pension plan. This rate assumes that the City will invest assets in a manner supporting selection of such a rate, which implicitly assumes a relatively high proportion of equity investments.

SECTION VII – SCHEDULE OF EMPLOYER CONTRIBUTIONS

The Government Accounting Standards Board's Statement No. 45 outlines various requirements of a funding schedule that will amortize the unfunded actuarial liability and cover normal costs. Amortization of the unfunded actuarial liability is to be based on a schedule that extends no longer than 30 years. The contribution towards the amortization of the unfunded actuarial liability may be made in level payments or in payments increasing at the same rate as overall payroll.

In the amortization schedule shown on the following page, the amortization of the unfunded accrued liability is assumed to be calculated to increase annually by 4% using a 30 year open basis amortization approach. Each fiscal year's amortization amount is based on a projection of the unfunded actuarial accrued liability for that year. 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 on June 30th.

SECTION VII – SCHEDULE OF EMPLOYER CONTRIBUTIONS

Pay-as-You-Go 4%

Fiscal Year Ending In	Normal Cost	Amortization of UAL	ARC*	Projected Net Benefits
2011	$206,244	$121,860	$339,340	$118,314
2012	$216,556	$130,675	$359,232	$94,409
2013	$227,384	$140,199	$379,739	$127,352

* Reflects interest adjustments.

SECTION VIII – CONSIDERATION OF HEALTH CARE REFORM

Summary of Effects of Selected Provisions

Early Retiree Reinsurance Program: According to the *Early Retiree Reinsurance Program: Reimbursement Update* of November 18, 2011, the City has collected $6,686 in ERRP reimbursements, which should be netted against the City's contributions made. Due to the relatively small amount and short-term nature of payments expected to be received by participants in this program, there is generally no effect on GASB accounting liabilities anticipated. No adjustments to plan liabilities were made by the actuary.

Removal of Benefit Maximums: It is our understanding that the City's plan is in compliance with the insurance reform requirements of health care reform legislation. Any impact on plan costs for benefit mandates are reflected in the premiums on which the retiree medical valuation is based. As such, no special adjustment was made by the actuary for this issue.

Medicare Advantage Plans: This valuation does not reflect any subsidy provided by the City of Burlington to Medicare eligible retirees. Thus no impact is reflected.

Expansion of Child Coverage to Age 26: The law provides for the extension of child coverage to age 26. The City of Burlington does not provide subsidized benefits for children and only a small number of current retirees cover dependent children. No special adjustment was made by the actuary for this issue.

Medicare Part D Subsidy - Shrinking Medicare Prescription Drug "Donut Hole": The City of Burlington does not provide a subsidy to Medicare eligible retirees. Thus no impact is reflected.

Excise Tax on High-Cost Employer Health Plans (aka Cadillac Tax): There is considerable uncertainty about how the tax will be applied, and considerable latitude in grouping of participants for tax measurement testing purposes. However, since retirees pay 100% of health premium costs in this plan, it is expected that retirees will bear the burden of any premium excise tax that applies. Thus no impact is reflected.

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.

Single Payer System: The single payer system called Green Mountain Care to be established in Vermont has the potential of significant impact on the valuation. At this point, plans for implementation are just beginning, and it is not possible to predict what that impact will be. As additional guidance on both the federal and Vermont legislation is issued, we will continue to monitor any potential impacts.

SCHEDULE A – ACTUARIAL ASSUMPTIONS AND METHODS

CITY OF BURLINGTON, ALL GROUPS

Interest 4.00% per year

Actuarial Cost Method: Projected Unit Credit, with benefits attributed from hire date to assumed termination of employment.

Medical Care Inflation:

Year	Inflation Rate
2011	8.0%
2012	7.5%
2013	7.0%
2014	6.5%
2015	6.0%
2016	5.5%
2017 & after	5.0%

Amortization period: 30-year level percent of pay assuming 4% aggregate annual payroll growth. The amortization period is "open," meaning it is assumed to refresh each year using 30 years.

Participation: 25% of future retirees are assumed to participate in the retiree medical plan. 100% of future retirees are expected to elect retiree life insurance, which is non-contributory.

Marital status: 50% of employees who elect to participate in the medical plan at retirement are also assumed to cover their spouse. Wives are assumed to be three years younger than their husbands.

SCHEDULE A – ACTUARIAL ASSUMPTIONS AND METHODS

CITY OF BURLINGTON, ALL GROUPS

Pre-Age 65 Retirees: Current retirees who are under age 65 may continue coverage in the Group Medical plan by paying full COBRA premiums. The Group Medical plan is currently administered by Blue Cross Blue Shield of Vermont.

Current active employees who are assumed to retire prior to age 65 having met the Plan's age and service eligibility criteria may continue coverage in the Group Medical plan by paying the full COBRA premiums.

Post-Age 65 Retirees: The City of Burlington does not subsidize this benefit. Retirees pay the full cost for coverage in the Medi-Comp plan. All retirees who reach age 65 are assumed to qualify for Medicare.

Medical Plan Costs: The City is self-insured. Per capita costs were developed from COBRA rates adjusted for age morbidity. The annual medical cost for an individual normalized to age 65 was assumed to be $11,846. Annual individual retiree premium is $6,072 at July 1, 2011. The City's GASB 45 liability for retiree medical is based on the implicit subsidy provided between the age-adjusted morbidity cost and the premium paid for by the retiree. Benefits for dependent children were assumed not to be subsidized, with premiums assumed to cover the cost of the benefits provided.

Age-Based Morbidity: Per capita costs are adjusted to reflect expected cost increases related to age. The increase in net incurred claims due to age was assumed to be:

Age	Annual Increase
49 and below	2.5%
50-54	3.3%
55-59	3.6%
50-64	4.2%
65 and over	0.0%

Administration Fees: It is assumed that administration fees are 5% of the life insurance benefit cost. Group medical administration fees were assumed to be included in the medical plan costs.

SCHEDULE A – ACTUARIAL ASSUMPTIONS AND METHODS

CITY OF BURLINGTON, ALL GROUPS

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, early service retirement, death, and disability are as follows:

Class A Members (Fire and Police)

Age	Withdrawal and Vesting	Early Service Retirement*	Disability**
20	14.0%		
25	9.0		.2%
30	6.0		.3
35	5.0		.4
40	4.0		.5
42	3.6		.6
45	3.0	15.0%	.7
50	2.0	15.0	1.3
53	0.8	20.0	1.8
54	0.4	20.0	2.0

Class B Members (Others)

Age	Withdrawal and Vesting***	Early Service Retirement	Disability**
25	15.0%		.1%
30	12.0		.1
35	10.0		.1
40	5.0		.2
45	5.0		.3
50	5.0		.5
55	4.0	5.0%	.9
60	4.0	10.0	1.7
61	4.0	20.0	2.1
62	4.0	25.0	2.5
63	4.0	30.0	2.9
64	4.0	20.0	3.4

* Rates are assumed to be 100% higher when first eligible for unreduced benefits.

** Rates reflect both ordinary and accidental occurrences.

*** Rates are assumed to be higher during the first three years of membership (i.e., 25% at age 25, 20% at ages 30 and 35, 15% at ages 40 - 64).

SCHEDULE A – ACTUARIAL ASSUMPTIONS AND METHODS

CITY OF BURLINGTON, ALL GROUPS

NORMAL SERVICE RETIREMENT: The representative values of the assumed rates of normal service retirement are as follows:

Age	Class A	Age	Class B
55	20.0%	65	20.0%
56	20.0	66	20.0
57	20.0	67	20.0
58	20.0	68	20.0
59	20.0	69	50.0
60	100.0	70	100.0

DEATHS BEFORE RETIREMENT: RP-2000 Non Annuitant Tables, projected to 2027.

DEATHS AFTER RETIREMENT: RP-2000 Healthy Annuitant Tables, projected to 2019; RP-2000 Disability Mortality Table for the period after disability retirement.

SCHEDULE B – SUMMARY OF PROGRAM PROVISIONS

Retirement Medical Insurance: Retired employees pay 100% of their post-retirement medical premium costs, which are based on COBRA rates for pre-65 coverage.

Life Insurance: The City of Burlington provides $2,000 in life insurance for retirees, except for members of AFSME and IBEW unions who receive $10,000 in life insurance. Certain current retirees have $6,000 of life insurance in force.

Dental Insurance: Retired employees pay 100% of their dental costs. Dental coverage for retirees is generally available for up to 18 months. The City of Burlington does not subsidize this benefit.

Spousal Coverage: Current and future retirees may elect to purchase medical coverage for their spouses. Upon death of the retiree, the spouse may continue to receive coverage for up to 36 months, pursuant to COBRA regulations, by paying 102% of the premium rates in effect.

Retirement Eligibility: Class A:
Police hired before 6/30/2006: The earlier of age 42 with 20 years of service, or age 55 with 3 years of service.
Fire hired before 12/31/2006: The earlier of age 42 with 20 years of service, or age 55 with 3 years of service
All others: The earlier of age 45 with 20 years of service, or age 55 with 3 years of service

Class B: Age 55 with 3 years of service.

The School group is not covered by the City plan and was excluded from this valuation.

Ordinary Disability Eligibility: All members are eligible where permanently disabled.

SCHEDULE C – 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 versus Open amortization period
A closed amortization period uses 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).

SCHEDULE C – GLOSSARY OF TERMS

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

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.

SCHEDULE C – GLOSSARY OF TERMS

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.