

**Town of Scituate, RI  
Postretirement Health Insurance Program**

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

**for the period beginning April 1, 2019 and  
ending March 31, 2020**

Prepared By:

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September, 2020

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## I. INTRODUCTION

The purpose of this report is to present certain financial information relative to the Town of Scituate, 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 Scituate, Rhode Island Postretirement Health Insurance Program as of April 1, 2020. This information includes the determination of Actuarially Determined Contribution (ADC) and OPEB cost, disclosure of the Net OPEB Liability(NOL) and Funding Progress as well as other Required Supplementary Information. Sensitivity analysis on various financial and demographic assumptions is also provided.

This report was based on information submitted to our firm by the Town of Scituate, 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.



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

9/11/2020

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Date

## II. DESCRIPTIVE INFORMATION

*Plan Description:* Single-employer, defined benefit postretirement health and dental insurance program.

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

Certified Teachers  
Non-Certified School Employees  
Department of Public Works (DPW)  
Police Department  
Other Non-Union Town Employees

Town and school members are eligible for retirement at age 58 with 10 years of service or at any age with 30 years of service. Police officers are eligible at age 55 with 10 years of service or at any age with 25 years of service (20 years of service if hired before July 1, 2000).

*Benefit Formula:* **Certified Teachers:** Upon retirement, certified teachers are eligible to purchase medical and dental insurance (single or family) up to age 65 and pay 100% of the premium. The postretirement cost to the Town will be the implicit rate subsidy.

**Non-Certified School Employees:** Upon retirement, non-certified school employees are eligible to purchase medical and dental insurance (single or family) for 18 months under COBRA. The COBRA benefits do not constitute a benefit to be included in determination of OPEB liabilities. Therefore, we note this provision exists but it is not included in liabilities or costs valued in this report

**Police Department:** Police officers that are hired after July 1, 2000 with 20 years of service are eligible for medical and dental insurance (single or family). The police officer will contribute 50% of the premium towards his/her coverage.

## II. DESCRIPTIVE INFORMATION (cont'd)

*Benefit Formula*  
*(cont'd):*

**DPW and Town Employees:** DPW and Non-Union Town Employees upon retirement are eligible for individual medical insurance coverage. Retired members must contribute the following towards their premium coverage:

Service	Contribution
10-15	100%
16-22	21%
23-29	10.5%
30+	0%

Town employees are also eligible to contribute 100% of the remaining premium towards family coverage.

In addition, a town employee may purchase dental insurance through COBRA for up to 18 months. The COBRA benefits do not constitute a benefit to be included in determination of OPEB liabilities. Therefore, we note this provision exists but it is not included in liabilities or costs valued in this report.

Life Insurance coverage is not provided to retirees.

*Significant Events:* None.

### III. ACTUARIAL METHODS

*Measurement Date:* April 1, 2019 (for purposes of determining the OPEB Expense) and March 31, 2020 (for purposes of Net OPEB Liability)

*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:* The Fiduciary Net Position is based on the fair market value of assets as of the measurement date.

*Amortization of Unfunded Liabilities:* The portion of unfunded actuarial liabilities included in the ARC is determined using the level dollar thirty year open amortization basis.

*Census Information:* Census data and premium information as of April 1, 2018 was used to calculate the OPEB Expense. Census data and premiums information as of April 1, 2020 was used to determine the Total OPEB Liability to March 31, 2020.

*Net OPEB Liability at Fiscal Year End:* Based on actual benefit payments, actual contributions to the Plan trust (if applicable), and estimated implicit rate subsidy, for the fiscal year ending March 31, 2020.

## 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:* 3.34% as of 3/31/2019  
3.02% as of 3/31/2020

*Index Rate:* 3.29% as of 3/31/2019  
2.94% as of 3/31/2020  
Based on S&P Municipal Bond 20 Year High Grade  
Rate Index

*Long Term Rate of Return  
on Assets:* 7.50%

*Healthy Mortality:* 2010 Public sector Retirement Plans Mortality table for total Teacher, total Public Safety and total General employee populations with MP-2019 improvement scale

*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%

*Retirement Rates:* Police Officers:

Age	Rate
40-44	5%
45-49	15%
50	25%
51-54	15%
55-59	50%
60	100%

#### IV. ACTUARIAL ASSUMPTIONS (cont'd)

Town and School Employees:

Age	Rate
50-54	2%
55	15%
56-59	10%
60-64	25%
65	100%

*Health Care Monthly*

*Premium Rates:*

See Per Capita Medical Costs in Section XIII.

*Health Care Cost Trend Rates -  
Medical Costs:*

5.5% per year graded down by the Getzen model to an ultimate rate of 4.04% per year.

*Health Care Cost Trend Rates -  
Dental Costs:*

4.00% per year.

*Plan Election:*

All current retirees are assumed to elect medical coverage under the Healthmate Coast to Coast plans. Retirees eligible for benefits past age 65 are assumed to be Medicare eligible and will begin receiving benefits under Plan 65.

*Participation:*

Police and Town Employees: 80% of eligible future retirees are assumed to elect medical coverage under the Plan.

School Employees: 45% of eligible future retirees are assumed to elect medical coverage under the Plan.



#### IV. ACTUARIAL ASSUMPTIONS (cont'd)

*Salary Scale:* 2.50%

*Aging Assumption:*

Claims costs under Healthmate Coast to Coast are assumed to increase by the following rates per year of age to reflect higher healthcare costs for older individuals:

Age	Rate
45-69	3.0%
70-74	2.0%
75-79	1.0%
80+	0.0%

## V. CHANGES IN ACTUARIAL ASSUMPTIONS

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

	April 1, 2019	March 31, 2020	Percent Change TOL
<i>Discount Rate:</i>	3.34%	3.02%	4.80%
<i>Mortality:</i>	2010 Public sector Retirement Plans Mortality table for total Teacher, total Public Safety and total General employee populations with MP-2018 improvement scale	2010 Public sector Retirement Plans Mortality table for total Teacher, total Public Safety and total General employee populations with MP-2019 improvement scale	-0.34%
<i>HCCTR:</i>	5.60% per year graded down by the getzen model to an ultimate rate of 3.94% per year.	5.5% per year graded down by the Getzen model to an ultimate rate of 4.04% per year.	-1.11%

## VI. DETERMINATION OF DISCOUNT RATE

### A. Determination of Discount Rate as of March 31, 2020 - Analysis of Crossover Point

Plan Year	Total Prior Year Employer 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	Present Value of "Unfunded" Portion *	Present Value of All Benefit Payments - Single Rate
				7.50%	2.94%	3.02%		
2020	100,000	872,914	202,170	202,170	0	188,065	0	196,244
2021	100,000	836,213	199,164	199,164	0	172,343	0	187,659
2022	100,000	799,764	229,939	229,939	0	185,092	0	210,305
2023	100,000	729,808	255,810	255,810	0	191,551	0	227,108
2024	100,000	628,733	279,151	279,151	0	194,445	0	240,566
2025	100,000	496,737	307,058	307,058	0	198,962	0	256,858
2026	0	226,935	337,947	226,935	111,012	136,786	90,632	274,410
2027	0	0	347,504	0	347,504	0	275,605	273,899
2028	0	0	373,929	0	373,929	0	288,092	286,087
2029	0	0	383,379	0	383,379	0	286,937	284,719
2030	0	0	407,242	0	407,242	0	296,092	293,575
2031	0	0	394,159	0	394,159	0	278,395	275,815
2032	0	0	408,739	0	408,739	0	280,448	277,633
2033	0	0	418,343	0	418,343	0	278,839	275,827
2034	0	0	443,564	0	443,564	0	287,206	283,883
2035	0	0	459,116	0	459,116	0	288,786	285,222
2036	0	0	499,320	0	499,320	0	305,104	301,106
2037	0	0	567,104	0	567,104	0	336,626	331,957
2038	0	0	572,094	0	572,094	0	329,889	325,061
2039	0	0	660,505	0	660,505	0	369,992	364,295
2040	0	0	685,784	0	685,784	0	373,181	367,149
2041	0	0	706,974	0	706,974	0	373,725	367,399
2042	0	0	720,034	0	720,034	0	369,758	363,217
2043	0	0	699,521	0	699,521	0	348,964	342,525
2044	0	0	715,995	0	715,995	0	346,981	340,315
2045	0	0	748,964	0	748,964	0	352,592	345,550
2046	0	0	695,599	0	695,599	0	318,117	311,521
2047	0	0	671,899	0	671,899	0	298,502	292,086
2048	0	0	655,378	0	655,378	0	282,847	276,553
2049	0	0	605,433	0	605,433	0	253,829	247,988
2050	0	0	615,515	0	615,515	0	250,686	244,727
2051	0	0	589,827	0	589,827	0	233,363	227,639
2052	0	0	596,701	0	596,701	0	229,340	223,542
2053	0	0	607,731	0	607,731	0	226,908	221,000
2054	0	0	603,968	0	603,968	0	219,063	213,193
2055	0	0	633,382	0	633,382	0	223,170	217,022
2056	0	0	651,474	0	651,474	0	222,989	216,678
2057	0	0	646,879	0	646,879	0	215,092	208,842
2058	0	0	595,136	0	595,136	0	192,236	186,505
2059	0	0	506,025	0	506,025	0	158,784	153,931
2060	0	0	517,739	0	517,739	0	157,819	152,877
2061	0	0	471,106	0	471,106	0	139,503	135,030
2062	0	0	386,930	0	386,930	0	111,305	107,652
2063	0	0	397,483	0	397,483	0	111,075	107,346
2064	0	0	365,480	0	365,480	0	99,215	95,810

## VI. DETERMINATION OF DISCOUNT RATE

### A. Determination of Discount Rate as of March 31, 2020 - Analysis of Crossover Point

Plan Year Valuation 3/31	Total Prior Year Employer 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"	Present Value of "Unfunded"	Present Value of All Benefit Payments - Single Rate
						Portion 7.50%	Portion * 2.94%	3.02%
2065	0	0	341,837	0	341,837	0	90,146	86,985
2066	0	0	342,606	0	342,606	0	87,769	84,625
2067	0	0	315,216	0	315,216	0	78,446	75,577
2068	0	0	311,198	0	311,198	0	75,234	72,427
2069	0	0	306,004	0	306,004	0	71,865	69,130
2070	0	0	299,464	0	299,464	0	68,321	65,670
2071	0	0	292,110	0	292,110	0	64,740	62,179
2072	0	0	283,743	0	283,743	0	61,089	58,628
2073	0	0	274,227	0	274,227	0	57,354	55,001
2074	0	0	263,713	0	263,713	0	53,580	51,341
2075	0	0	252,083	0	252,083	0	49,754	47,639
2076	0	0	239,899	0	239,899	0	45,997	44,007
2077	0	0	227,305	0	227,305	0	42,338	40,474
2078	0	0	214,212	0	214,212	0	38,759	37,025
2079	0	0	201,155	0	201,155	0	35,357	33,749
2080	0	0	188,088	0	188,088	0	32,116	30,632
2081	0	0	175,161	0	175,161	0	29,055	27,690
2082	0	0	162,575	0	162,575	0	26,197	24,947
2083	0	0	150,351	0	150,351	0	23,535	22,395
2084	0	0	138,590	0	138,590	0	21,075	20,038
2085	0	0	127,282	0	127,282	0	18,802	17,864
2086	0	0	116,385	0	116,385	0	16,702	15,855
2087	0	0	105,892	0	105,892	0	14,762	14,003
2088	0	0	95,805	0	95,805	0	12,974	12,298
2089	0	0	86,127	0	86,127	0	11,330	10,731
2090	0	0	76,812	0	76,812	0	9,816	9,290
2091	0	0	67,823	0	67,823	0	8,420	7,963
2092	0	0	59,236	0	59,236	0	7,144	6,751
2093	0	0	51,115	0	51,115	0	5,989	5,654
2094	0	0	43,547	0	43,547	0	4,956	4,676
2095	0	0	36,600	0	36,600	0	4,047	3,815
2096	0	0	30,286	0	30,286	0	3,253	3,064
2097	0	0	24,649	0	24,649	0	2,572	2,421
2098	0	0	19,714	0	19,714	0	1,998	1,879
2099	0	0	15,482	0	15,482	0	1,524	1,433
2100	0	0	11,916	0	11,916	0	1,140	1,070
2101	0	0	8,979	0	8,979	0	834	783
2102	0	0	6,615	0	6,615	0	597	560
2103	0	0	4,760	0	4,760	0	417	391
2104	0	0	3,339	0	3,339	0	284	266
2105	0	0	2,284	0	2,284	0	189	177
2106	0	0	1,519	0	1,519	0	122	114
2107	0	0	984	0	984	0	77	72
2108	0	0	617	0	617	0	47	44
2109	0	0	376	0	376	0	28	26

## VI. DETERMINATION OF DISCOUNT RATE

### A. Determination of Discount Rate as of March 31, 2020 - Analysis of Crossover Point

Plan Year	Total Prior Year Employer 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 7.50%	Present Value of "Unfunded" Portion * 2.94%	Present Value of All Benefit Payments - Single Rate 3.02%
2110	0	0	222	0	222	0	16	15
2111	0	0	129	0	129	0	9	8
2112	0	0	73	0	73	0	5	5
2113	0	0	39	0	39	0	3	2
2114	0	0	19	0	19	0	1	1
2115	0	0	10	0	10	0	1	1
2116	0	0	5	0	5	0	0	0
2117	0	0	2	0	2	0	0	0

$$1,267,244 + 11,282,472 = 12,549,717$$

\* The 2.94% discount rate is the 3/31/2020 S&P Municipal Bond 20 Year High Grade Rate Index.

## VI. DETERMINATION OF DISCOUNT RATE

### B. Funding Policy

Currently, the funding policy is to fund approximately \$100,000 per year.

### 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>March 31, 2020 Asset Allocation*</u>	<u>Target Asset Allocation*</u>	<u>Long Term Expected Rate of Return*</u>
Equity	69.00%	69.00%	8.50%
Fixed Income	23.00%	23.00%	4.50%
Real estate	8.00%	8.00%	7.00%
International Bond	0.00%	0.00%	0.00%
Alternative	0.00%	0.00%	0.00%
Cash and Equivalent	0.00%	0.00%	0.00%
	<u>100.00%</u>	<u>100.00%</u>	

Projected Rate of Return: 7.5%

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

Money-Weighted Rate of Return for Fiscal Year Ending 03/31/2020\*\*: -8.49%

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

## VII. NET OPEB LIABILITY

### A. Net OPEB Liability as of April 1, 2019

The Net OPEB Liability for the Plan was measured as of April 1, 2019, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of April 1, 2018.

The components of the Net OPEB Liability of the Plan as of April 1, 2019, were as follows:

Total OPEB Liability	\$9,177,112
Plan Fiduciary Net Position	<u>\$ (849,307)</u>
Net OPEB Liability	<u>\$ 8,327,805</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	9.25%

The discount rate used to calculate the Total OPEB Liability was 3.34%.

### B. Net OPEB Liability as of March 31, 2020

The Net OPEB Liability for the Plan was measured as of March 31, 2020, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of April 1, 2020.

The components of the Net OPEB Liability of the Plan as of March 31, 2020, were as follows:

Total OPEB Liability	\$7,965,837
Plan Fiduciary Net Position	<u>\$ (872,914)</u>
Net OPEB Liability	<u>\$ 7,092,923</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	10.96%

The discount rate used to calculate the Total OPEB Liability was 3.02%.

## VII. NET OPEB LIABILITY(cont'd)

### C. Changes in Net OPEB Liability for the Fiscal Year ending March 31, 2020

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance as of 4/1/2019	\$9,177,112	\$849,307	\$8,327,805
Changes for the year:			
Service Cost	414,797		414,797
Interest on Total OPEB Liability	302,106		302,106
Differences Between Expected and Actual Experience	(2,038,778)		(2,038,778)
Changes of Assumptions	253,557		253,557
Changes in Benefit Terms	0		0
Contributions - Employer		242,958	(242,958)
Contributions - Employee	65,096	65,096	0
Net Investment Income		(76,393)	76,393
Benefit Payments	(208,054)	(208,054)	0
Administrative Expense		0	0
Other Changes	0		0
Net Changes	<u>(\$1,211,275)</u>	<u>\$23,607</u>	<u>(\$1,234,882)</u>
Balance as of 3/31/2020	<u>\$7,965,837</u>	<u>\$872,914</u>	<u>\$7,092,923</u>



## VII. NET OPEB LIABILITY(cont'd)

### D. Sensitivity of the Net OPEB Liability to Changes in Discount Rate as of March 31, 2020

The following presents the Net OPEB Liability as of March 31, 2020 calculated using the discount rate of 3.02%, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.02%) or 1-percentage-point higher (4.02%) than the current rate:

	<u>1% Decrease</u> 2.02%	<u>Current</u> <u>Discount Rate</u> 3.02%	<u>1% Increase</u> 4.02%
Plan's Net OPEB Liability as of March 31, 2020:	8,423,053	7,092,923	6,032,840

## VII. NET OPEB LIABILITY(cont'd)

### E. Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rate as of March 31, 2020

The following presents the Net OPEB Liability as of March 31, 2020 calculated using the trend rate of 5.5% per year graded down by the Getzen model to an ultimate rate of 4.04% 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 (4.5% per year graded down by the getzen model to an ultimate rate of 3.04% per year.) or 1-percentage-point higher (6.5% per year graded down by the getzen model to an ultimate rate of 5.04% per year.) than the current rate:

	<u>1% Decrease</u> 4.5% per year graded down by the getzen model to an ultimate rate of 3.04% per year.	<u>Current HCCTR</u> 5.5% per year graded down by the Getzen model to an ultimate rate of 4.04% per year.	<u>1% Increase</u> 6.5% per year graded down by the getzen model to an ultimate rate of 5.04% per year.
Plan's Net OPEB Liability as of March 31, 2020:	5,850,419	7,092,923	8,701,461

## VII. NET OPEB LIABILITY

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

Fiscal Year Ending	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012	3/31/2011
<b>Total OPEB Liability (TOL)</b>										
Service Cost	\$ 414,797	\$ 384,761	\$ 275,269							
Interest on TOL	302,106	285,368	239,646							
Differences between exp. and actual experi	(2,038,778)	(63,017)	(309,232)							
Changes of assumptions	253,557	591,414	(198,952)							
Other changes	0	0	563,508							
Changes in benefit terms	0	0	0							
Benefit payments	<u>(142,958)</u>	<u>(151,904)</u>	<u>(173,226)</u>							
Net Change in TOL	(1,211,275)	1,046,621	397,013							
Total OPEB Liability - beginning	9,177,112	8,130,491	7,733,478							
<b>Total OPEB Liability - end (a)</b>	<b><u>\$ 7,965,837</u></b>	<b><u>\$ 9,177,112</u></b>	<b><u>\$ 8,130,491</u></b>							
<b>Plan Fiduciary Net Position (FNP)</b>										
Contributions - Employer	\$ 242,958	\$ 251,904	\$ 273,226							
Contributions - Employee	65,096	75,125	54,967							
Net investment income	(76,393)	43,715	55,950							
Benefit payments	(208,054)	(227,029)	(228,193)							
Administrative expense	0	0	0							
Other changes	<u>0</u>	<u>0</u>	<u>0</u>							
Net Changes in FNP	23,607	143,715	155,950							
Fiduciary Net Position - beginning	849,307	705,592	549,642							
<b>Fiduciary Net Position - end (b)</b>	<b><u>\$ 872,914</u></b>	<b><u>\$ 849,307</u></b>	<b><u>\$ 705,592</u></b>							
<b>Net OPEB Liability - ending (a) - (b)</b>	<b><u>\$ 7,092,923</u></b>	<b><u>\$ 8,327,806</u></b>	<b><u>\$ 7,424,899</u></b>							
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	10.96%	9.25%	8.68%							
Covered Employee Payroll	\$ 14,007,764	\$ 13,936,000	\$ 13,596,099							
Net OPEB Liability as a percentage of covered employee payroll	50.64%	59.76%	54.61%							

Notes to Schedule: Covered Employee Payroll data was provided directly by Town of Scituate

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.

## VIII. SCHEDULE OF PLAN CONTRIBUTIONS

### A. Schedule of Plan Contributions - Last 10 Fiscal Years

Fiscal Year Ending Valuation Date	3/31/2020 4/1/2020	3/31/2019 4/1/2018	3/31/2018 4/1/2018	3/31/2017 4/1/2017	3/31/2016 4/1/2016	3/31/2015 4/1/2015	3/31/2014 4/1/2014	3/31/2013 4/1/2013	3/31/2012 4/1/2012	3/31/2011 4/1/2011
<b>Actuarially Determined Contribution</b>	\$ 858,561	\$ 791,504	\$ 649,403							
<b>Contributions in relation to the actuarially determined contribution</b>	<u>\$ 242,958</u>	<u>\$ 251,904</u>	<u>\$ 273,226</u>							
<b>Contribution deficiency / (excess)</b>	<u>\$ 615,603</u>	<u>\$ 539,600</u>	<u>\$ 376,177</u>							
Covered Employee Payroll	\$ 14,007,764	\$ 13,936,000	\$ 13,596,099							
Contributions as a percentage of covered employee payroll	1.73%	1.81%	2.01%							

## VIII. SCHEDULE OF PLAN CONTRIBUTIONS

### B. Actuarially Determined Contribution

Total OPEB Liability	9,177,112
Fiduciary Net Position	849,307
Net OPEB Liability	8,327,805
Service Cost	401,391
Expected Benefit Payments	171,864
Amortization Period	30
Discount Rate	3.34%
Amortization of Net OPEB Liability	443,764
Service Cost with Interest	414,797
Actuarially Determined Contribution	\$ 858,561

Note: The ADC would be \$992,300 for an amortization period 20 years for the Net OPEB Liability.

## IX. SCHEDULE OF INVESTMENT RETURNS

### A. Schedule of Investment Returns - Last 10 Fiscal Years

Fiscal Year Ending	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012	3/31/2011
<b>Annual money-weighted rate of return, net of investment expense</b>	-8.49%	5.79%	9.33%							

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.

## X. OPEB EXPENSE

### A. OPEB Expense for the Fiscal Year Ending March 31, 2020

1.	Service Cost as of April 1, 2019	\$	401,391
2.	Interest on the Total OPEB Liability		
	a. Total OPEB Liability as of April 1, 2019		\$9,177,112
	b. Service Cost		401,391
	c. Expected benefit payments (time-weighted)		(132,019)
	d. Average expected Total OPEB Liability	\$	9,446,484
	e. Discount Rate		3.34%
	f. Interest on the Total OPEB Liability [(d) x (e)]	\$	315,513
3.	Projected earning on OPEB plan investments		
	a. Fiduciary Net Position as of April 1, 2019		\$849,307
	b. Plan Contributions (time-weighted)		171,864
	c. Expected benefit payments (time-weighted)		(132,019)
	d. Average expected Fiduciary Net Position	\$	889,152
	e. Long Term Rate of Return on Investments		7.50%
	f. Earnings on Fiduciary Net Position [(d) x (e)]	\$	66,686
4.	Recognition of Deferred Outflows and (Inflows) of Resources <sup>1</sup>		
	a. Difference between expected and actual experience	\$	(208,348)
	b. Changes of assumptions	\$	51,548
	c. Difference between projected and actual earnings on Plan investments	\$	27,526
	d. Total recognized deferred outflow and (inflows) of resources [(a) + (b) + (c)]	\$	(129,274)
5.	Employee Contributions	\$	0
6.	Administrative Expenses	\$	0
7.	Other changes	\$	0
8.	<b>Total OPEB Expense for the Fiscal Year Ending March 31, 2020</b>	<b>\$</b>	<b>520,944</b>
	[(1) + (2.f) - (3.f) + (4.d) + (5) + (6) + (7)]		

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

## X. 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 March 31, 2020 are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
1. Difference between expected and actual experience	\$ 0	\$ (2,135,027)
2. Changes of assumptions	\$ 723,163	\$ (138,827)
3. Difference between projected and actual earnings on Plan investments	<u>\$ 121,840</u>	<u>\$ (7,098)</u>
4. Total Deferred Outflows / (Inflows)	<u><u>\$ 845,003</u></u>	<u><u>\$ (2,280,952)</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:	March 31, 2021	\$ (129,274)
	March 31, 2022	\$ (129,274)
	March 31, 2023	\$ (125,725)
	March 31, 2024	\$ (128,185)
	March 31, 2025	\$ (156,800)
	Thereafter	<u>\$ (766,691)</u>
	Total	<u><u>\$ (1,435,949)</u></u>



## XI. 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 4/1/2019	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience											
				3/31/2020	3/31/2021	3/31/2022	3/31/2023	3/31/2024	3/31/2025	3/31/2026	3/31/2027	3/31/2028	3/31/2029	3/31/2030	3/31/2031
3/31/2018	(309,232)	9.9270	(246,931)	(31,151)	(31,151)	(31,151)	(31,151)	(31,151)	(31,151)	(31,151)	(28,874)	0	0	0	0
3/31/2019	(63,017)	11.777	(57,666)	(5,351)	(5,351)	(5,351)	(5,351)	(5,351)	(5,351)	(5,351)	(5,351)	(5,351)	(5,351)	(4,156)	0
3/31/2020	(2,038,778)	11.864	(2,038,778)	(171,846)	(171,846)	(171,846)	(171,846)	(171,846)	(171,846)	(171,846)	(171,846)	(171,846)	(171,846)	(171,846)	(148,472)
				<u>\$ (208,348)</u>	<u>\$ (208,348)</u>	<u>\$ (208,348)</u>	<u>\$ (208,348)</u>	<u>\$ (208,348)</u>	<u>\$ (208,348)</u>	<u>\$ (208,348)</u>	<u>\$ (206,071)</u>	<u>\$ (177,197)</u>	<u>\$ (177,197)</u>	<u>\$ (176,002)</u>	<u>\$ (148,472)</u>

### B. Schedule of Changes in Plan Assumptions

Year Ending	Difference Between Expected and Actual Experience	Recognition Period (Years)	Deferred Outflow/ (Inflow) as of 4/1/2019	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Changes of Plan Assumptions											
				3/31/2020	3/31/2021	3/31/2022	3/31/2023	3/31/2024	3/31/2025	3/31/2026	3/31/2027	3/31/2028	3/31/2029	3/31/2030	3/31/2031
3/31/2018	(198,952)	9.9270	(158,869)	(20,042)	(20,042)	(20,042)	(20,042)	(20,042)	(20,042)	(20,042)	(18,575)	0	0	0	0
3/31/2019	591,414	11.777	541,196	50,218	50,218	50,218	50,218	50,218	50,218	50,218	50,218	50,218	50,218	39,016	0
3/31/2020	253,557	11.864	253,557	<u>21,372</u>	<u>21,372</u>	<u>21,372</u>	<u>21,372</u>	<u>21,372</u>	<u>21,372</u>	<u>21,372</u>	<u>21,372</u>	<u>21,372</u>	<u>21,372</u>	<u>21,372</u>	<u>18,465</u>
				<u>\$ 51,548</u>	<u>\$ 51,548</u>	<u>\$ 51,548</u>	<u>\$ 51,548</u>	<u>\$ 51,548</u>	<u>\$ 51,548</u>	<u>\$ 51,548</u>	<u>\$ 53,015</u>	<u>\$ 71,590</u>	<u>\$ 71,590</u>	<u>\$ 60,388</u>	<u>\$ 18,465</u>

### 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 4/1/2019	Increase/(Decrease) in OPEB Expense Arising from the Recognition of Difference Between Projected and Actual Earnings on Plan Investments					
				3/31/2020	3/31/2021	3/31/2022	3/31/2023	3/31/2024	3/31/2025
3/31/2018	(17,745)	5.000	(10,647)	(3,549)	(3,549)	(3,549)	0	0	0
3/31/2019	12,295	5.000	9,836	2,459	2,459	2,459	2,459	0	0
3/31/2020	143,079	5.000	143,079	<u>28,616</u>	<u>28,616</u>	<u>28,616</u>	<u>28,616</u>	<u>28,615</u>	<u>0</u>
				<u>\$ 27,526</u>	<u>\$ 27,526</u>	<u>\$ 27,526</u>	<u>\$ 31,075</u>	<u>\$ 28,615</u>	<u>\$ -</u>

## XI. DEFERRED OUTFLOWS AND INFLOWS

### D. Plan Demographics at March 31, 2020

Status	<u>Count</u>	<u>Avg. Future Service</u>
Active	188	13.597
Retirees and Beneficiaries	<u>30</u>	<u>1.000</u>
Total	218	11.864

**XII. BREAKOUT OF LIABILITY BY GROUP**  
As of April 1, 2020 at 3.02%

<b>A. Headcounts</b>	<b>DPW</b>	<b>Non Union</b>	<b>Police</b>	<b>Certified</b>	<b>Total</b>
1. Actives	11	18	16	143	188
2. Retirees	6	11	8	5	30
3. Total	17	29	24	148	218
4. Payroll for Actives	\$ 582,208	\$ 926,361	\$ 1,265,005	\$ 11,234,190	\$ 14,007,764
<b>B. Total OPEB Liability (TOL)</b>					
1. Actives' TOL	\$ 635,908	\$ 1,272,823	\$ 2,397,569	\$ 700,862	\$ 5,007,162
2. Retirees' TOL	\$ 172,735	\$ 510,242	\$ 2,271,683	\$ 4,015	\$ 2,958,675
3. Total TOL	\$ 808,643	\$ 1,783,065	\$ 4,669,252	\$ 704,877	\$ 7,965,837
4. Assets	\$ 97,215	\$ 214,360	\$ 561,339	\$ 0	\$ 872,914
5. Total NOL	\$ 711,428	\$ 1,568,705	\$ 4,107,913	\$ 704,877	\$ 7,092,923
6. Normal Cost	\$ 51,986	\$ 63,457	\$ 191,444	\$ 42,910	\$ 349,797
<b>C. Exp. Benefit Payments</b>	\$ 22,820	\$ 69,550	\$ 103,563	\$ 6,237	\$ 202,170
<b>D. TOL as a Percent of Payroll</b>	138.9%	192.5%	369.1%	6.3%	56.9%

### XIII. PER CAPITA MEDICAL COSTS

#### A. Under Age 65 Per Capita Costs, April 1, 2020

	<u>Town/ Police</u>	<u>School</u>
1. Average annual medical premium, per person:		
a. Average annual premium for individual coverage:	8,776.20	6,215.64
b. Average annual premium for family coverage:	23,346.24	16,504.08
c. Average annual premium for spouse:	14,570.04	10,288.44
d. Marriage Assumption:	75.00%	75.00%
e. Average annual premium, per person: [100.00% x (a) + 75.00% x (c)] / 175.00%	11,259.27	7,961.13
2. Estimate fiscal 2020 per person medical claims costs adjusted to age 65 basis:		
a. Average age of covered participants under 65:	47.88	52.47
b. Factor to adjust to age 65 per assumptions [1.03 ^ (65.00 - (3))]	165.87%	144.83%
c. Estimate per person medical claims costs [(1.e) x (b)]	18,675.99	11,529.88
3. Average annual dental premium, per person:		
a. Average annual premium for individual coverage:	363.05	416.52
b. Average annual premium for family coverage:	1,117.99	1,274.88
c. Average annual premium for spouse:	754.94	858.36
d. Marriage Assumption:	75.00%	75.00%
e. Average annual premium, per person: [100.00% x (a) + 75.00% x (c)] / 175.00%	531.00	605.88
4. Estimate fiscal 2020 per person dental claims costs adjusted to age 65 basis:		
a. Average age of covered participants under 65:	49.62	52.63
b. Factor to adjust to age 65 per assumptions [1.03 ^ (65.00 - (3))]	157.56%	144.14%
c. Estimate per person medical claims costs [(3.e) x (b)]	836.63	873.34

#### B. Post Age 65 Per Capita Costs, April 1, 2020

	<u>Town/ Police</u>	<u>School</u>
1. Average annual medical premium, per person	2,231.16	N/A
2. Factor to adjust to age 65 per assumptions	74.34%	N/A
3. Estimate per person post 65 medical claims costs	1,658.58	N/A

### XIII. PER CAPITA MEDICAL COSTS (cont'd)

**C. Projected Per Capita Medical and Dental Costs**

Age	Aging Assumption	Town/Police Per Person Medical	Town/Police Per Person Dental	School Per Person Medical	School Per Person Dental
40	3.00%	8,919.76	399.58	5,506.74	417.11
45	3.00%	10,340.44	463.22	6,383.82	483.55
50	3.00%	11,987.41	537.00	7,400.59	560.56
55	3.00%	13,896.69	622.53	8,579.32	649.85
60	3.00%	16,110.08	721.68	9,945.78	753.35
65	3.00%	1,658.58	836.63	N/A	873.34
70	2.00%	1,922.75	969.88	N/A	1,012.44
75	1.00%	2,122.87	1,070.83	N/A	1,117.82
80+	0.00%	2,231.16	1,125.45	N/A	1,174.84

The projected costs as of the 4/1/2020 valuation date are based on the 7/1/2020 medical and dental rates since when these rates are combined with the Health Care Cost Trend Rates they produce our best estimate of future medical and dental claims costs.

**D. Historical Medical Premiums - Monthly**

	<u>7/1/2016</u>	<u>7/1/2018</u>	<u>7/1/2020</u>
1. Healthmate Coast to Coast - Town/Police			
a. Single Coverage	637.96	696.52	731.35
b. Family Coverage	1,694.19	1,849.71	1,945.52
2. Classic Blue Cross - Town/Police			
a. Single Coverage	704.00	725.12	N/A
b. Family Coverage	1,826.13	1,880.91	N/A
3. Healthmate Coast to Coast - School			
a. Single Coverage	480.84	524.79	517.97
b. Family Coverage	1,276.76	1,393.45	1,375.34
4. Classic Blue Cross - School			
a. Single Coverage	534.21	583.03	N/A
b. Family Coverage	1,418.42	1,548.06	N/A
5. Plan 65 - Town/Police	178.69	174.53	185.93
6. Dental - Police			
a. Single Coverage	28.84	28.84	30.86
b. Family Coverage	87.70	87.70	97.84
7. Dental - School			
a. Single Coverage	34.71	34.71	34.71
b. Family Coverage	106.24	106.24	106.24

## XIV. PARTICIPANT DATA

### A. Reconciliation of Participant Data

	<u>Actives</u>	<u>Retirees</u>	<u>Total</u>
Total as of April 1, 2018	240	51	291
New Entrants	24	n/a	24
Terminations	(75)	n/a	(75)
Active deaths	-	n/a	0
New retirees	(1)	1	0
New beneficiaries	n/a	-	0
Retiree/beneficiary deaths	n/a	-	0
Dropped coverage	n/a	(5)	(5)
Data adjustments	0	(17)	(17)
Total as of March 31, 2020	188	30	218

Note: 17 shown as Retiree data adjustments did not elect coverage and were removed from the retiree count.

**B. Age and Service Distribution of Members**

1. Eligible Active Members:

Complete Years of Service as of April 1, 2020

<i>Attained Age</i>	<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>	<i>Total</i>
Under 25	5	-	-	-	-	-	-	5
25-29	16	3	-	-	-	-	-	19
30-34	7	7	2	-	-	-	-	16
35-39	7	1	8	3	-	-	-	19
40-44	-	3	1	14	3	-	-	21
45-49	8	2	2	10	9	3	-	34
50-54	2	2	2	6	11	6	2	31
55-59	2	-	-	3	8	1	5	19
60-64	1	1	1	2	5	3	3	16
65-69	1	-	-	1	2	1	1	6
70+	1	-	-	-	-	1	-	2
Total	50	19	16	39	38	15	11	188

2. Retired Members:

<u>Attained Age</u>	<u>Total</u>
Under 50	2
50-54	-
55-59	3
60-64	3
65-69	8
70-74	4
75+	10
Total	30

## XIV. PARTICIPANT DATA (cont'd)

### C. Participant Statistics

1. Eligible Active Members:

	<b>DPW</b>	<b>Non Union</b>	<b>Police</b>	<b>Certified</b>	<b>Total</b>
Count:	11	18	16	143	188
Average age:	43.6	50.0	39.2	46.2	45.8
Average past service:	12.3	17.5	10.3	15.2	14.8
Average future service until retirement:	15.1	11.1	12.6	14.0	13.7
Average age of retirement:	58.7	61.1	51.8	60.2	59.5

2. Retired Members and Spouses:

	<b>DPW</b>	<b>Non Union</b>	<b>Police</b>	<b>Certified</b>	<b>Total</b>
Count:	6	11	8	5	30
Average age under 65:	0.0	0.0	54.2	62.3	42.3
Average age over 65:	79.3	76.3	76.3	72.5	77.0
Average age all retirees:	79.3	76.3	56.9	70.4	70.8
Expected future lifetime:	10.8	14.5	30.2	20.9	19.0

3. All Covered Members on Health Insurance (Active and Retirees under age 65)

	<u>Medical</u>	<u>Dental</u>
Town/Police - Average age:	47.88	49.62
School - Average age:	52.47	52.63



## XV. 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.

## XV. 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.

## XV. 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.

## XV. 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.