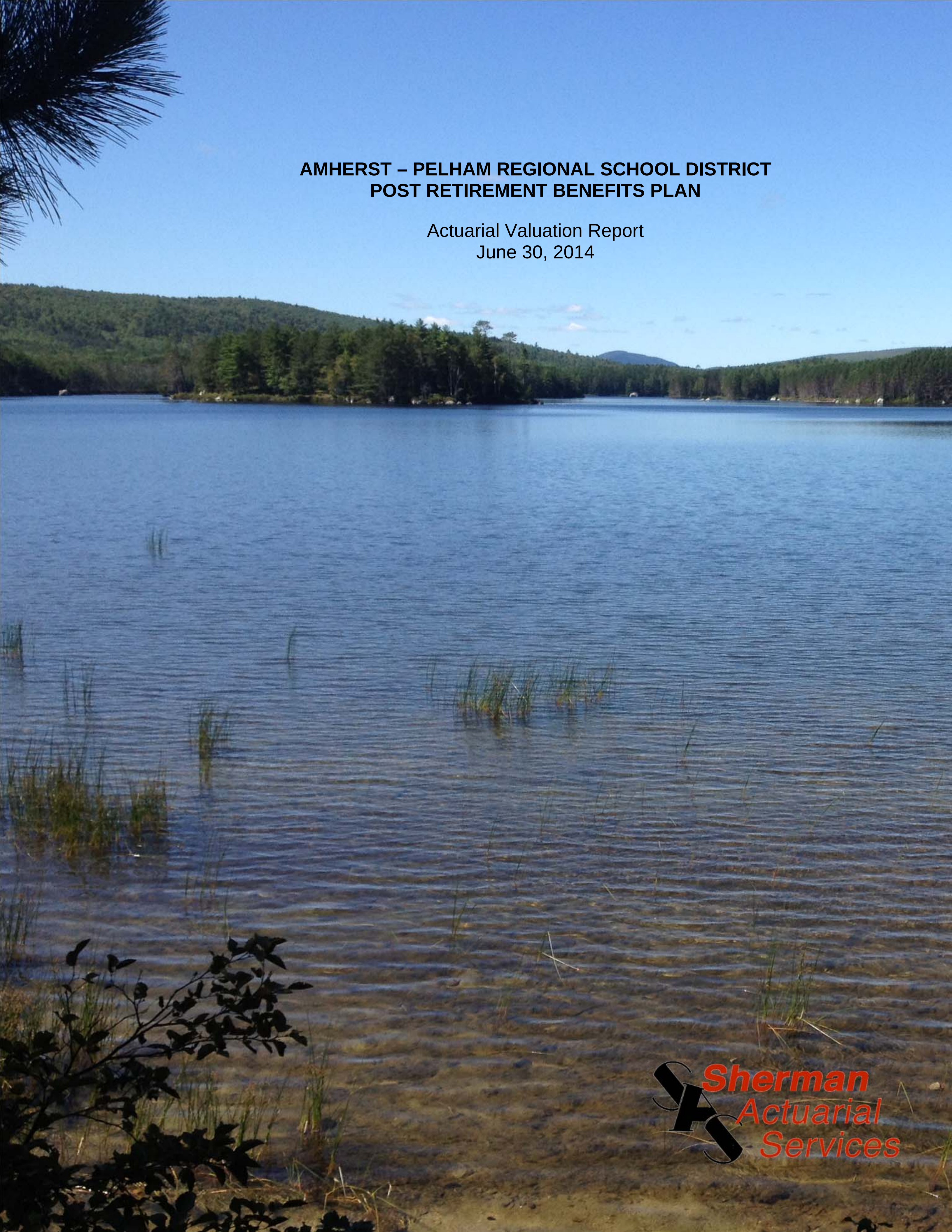
AMHERST – PELHAM REGIONAL SCHOOL DISTRICT
POST RETIREMENT BENEFITS PLAN

Actuarial Valuation Report
June 30, 2014



Sherman Actuarial Services

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SECTION I – OVERVIEW

The Amherst-Pelham Regional School District has engaged Sherman Actuarial Services to prepare an actuarial valuation of postretirement benefits program as of June 30, 2014. The District provided employee data and premium information.

The purposes of the valuation are to analyze the current funded position of the District's postretirement benefits program, determine the level of contributions necessary to assure sound funding and provide reporting and disclosure information for financial statements, governmental agencies and other interested parties. This valuation report contains information required by the Government Accounting Standards Board's Statements Nos. 43 and 45, respectively entitled "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" and "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions."

According to GASB principles, if the benefits are not prefunded, the rate earned by the General Asset Account must be used. To measure on this Pay-as-You-Go basis we would use a discount rate of 3.5%. For illustrative purposes, we included the values assuming the District decided to Fully Prefund the obligation (7.75% discount rate). The 3.5% scenario figures should be reflected in the District's financial statements based on the District's current prefunding approach.

The unfunded actuarial liability increased from $61,725,812 to $66,693,647 from 2012 to 2014. The expectation was a much larger increase during the two years. However, actuarial gains on lower healthcare inflation mitigated the increase in unfunded liability.

For 2014, we used the State assumptions on turnover, disability and retirement for Teachers covered by Section 114 of the Acts of 2000. Based on the foregoing, the cost results and actuarial exhibits presented in this report were determined on a consistent and objective basis in accordance with applicable Actuarial Standards of Practice and generally accepted actuarial procedures.

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

Respectfully Submitted,

SHERMAN ACTUARIAL SERVICES, LLC

Daniel W. Sherman

October 25, 2014

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Daniel Sherman, ASA, MAAA, EA — Date

Director and Consulting Actuary

SECTION II – REQUIRED INFORMATION

		No Prefunding 3.50%		Full Prefunding 7.75%		
a) Actuarial valuation date		June 30, 2014		June 30, 2014		Difference
b) Actuarial Value of Assets	$	0	$	0	$	0
c) Actuarial Accrued Liability						
Active participants	$	38,704,102	$	16,678,414	$	22,025,688
Retired participants		27,989,545		17,907,761		10,081,784
Total AAL	$	66,693,647	$	34,586,175	$	32,107,472
d) Unfunded Actuarial Liability "UAL" [c - b]	$	66,693,647	$	34,586,175	$	32,107,472
e) Funded ratio [b / c]		0.0%		0.0%		
f) Annual covered payroll	$	18,316,402	$	18,316,402		
g) UAL as percentage of covered payroll		364.1%		188.8%		
h) Normal Cost for fiscal year 2014	$	2,641,212	$	916,686	$	1,724,526
i) Amortization of UAL for fiscal year 2014*		2,071,272		1,839,182		232,090
j) Interest to the end of the fiscal year		0		0		0
k) Annual Required Contribution "ARC" for fiscal year 2014 [h + i + j]	$	4,712,484	$	2,755,868	$	1,956,616
l) Estimated claims cost, less retiree deductions		1,447,006		1,447,006		0
m) Participants						
Actives		336				
Retirees and Beneficiaries		283				
Total		619				

* 30-year amortization, increasing 4% per year

SECTION III - MEDICAL PREMIUM

Monthly Premiums effective June 30, 2014

Health benefits are available to employees and retirees through a number of plans. The following are gross monthly rates per subscriber for plans in which current District employees and/or retirees are enrolled:

Blue Cross Blue Shield HMO - Individual	$577.72
Blue Cross Blue Shield HMO - Family	$1381.72
Blue Cross Blue Shield PPO - Individual	$643.98
Blue Cross Blue Shield PPO - Family	$1540.16
Harvard Pilgrim Enhanced 65 - Individual	$389.08
Harvard Pilgrim HMO - Individual	$577.72
Harvard Pilgrim HMO - Family	$1381.72
Harvard Pilgrim PPO - Individual	$643.98
Harvard Pilgrim PPO - Family	$1540.16
Medex - Individual	$389.08

Retirees contribute towards their coverage at either 5% (Medex), 20% (HMO) or 25% (PPO) of the stated premium cost.

SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Assumed Interest Rate of 3.5%

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
July 1, 2007	0	34,800,000	34,800,000	0.00%	17,572,000	198.0%
June 30, 2010	0	43,356,000	43,356,000	0.00%	15,802,000	274.4%
June 30, 2012	0	61,726,000	61,726,000	0.00%	17,261,000	357.6%
June 30, 2014	0	66,693,647	66,693,647	0.00%	18,316,402	364.1%

DEVELOPMENT OF OPEB COST AND NET OPEB OBLIGATION (NOO)

All Participants

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)
2012							12,521,275
2013	6,107,398	438,245	446,546	6,099,097	1,769,708	4,329,389	16,850,664
2014	4,712,484	589,773	523,323	4,778,934	1,447,006	3,331,928	20,182,592
2015	4,956,218	706,391	650,016	5,012,593	1,502,412	3,510,182	23,692,774

SECTION V – SCHEDULE OF EMPLOYER CONTRIBUTIONS

The Government Accounting Standards Board's Standard Number 45 "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions" 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 salary increases. There is no requirement to actually fund the Annual Required Contribution, however.

In the amortization schedules shown on the following pages, the amortization of the unfunded accrued liability is increasing at 3.50% for 30 years. The normal cost is expected to increase at 4.5%, the same rate as the assumed ultimate health care trend rate. The contributions were computed assuming that the contribution is paid at the end of the fiscal year. Projected benefit payments/employer contributions reflect only the benefit for those individuals now employed or retired, not any future entrants.

SECTION V – SCHEDULE OF EMPLOYER CONTRIBUTIONS (Continued)

Assumed No Pre-Funding Interest Rate of 3.50%

Fiscal Year Ending In	Normal Cost	Amortization of UAL	ARC	Pay-as-You-Go
2014	2,641,212	2,071,272	4,712,484	1,447,006
2015	2,773,273	2,182,945	4,956,218	1,502,412
2016	2,911,937	2,301,022	5,212,959	1,626,263
2017	3,057,534	2,423,775	5,481,309	1,799,494
2018	3,210,411	2,550,032	5,760,443	1,998,260
2019	3,370,932	2,679,341	6,050,273	2,210,328
2020	3,539,479	2,811,635	6,351,114	2,404,791
2021	3,716,453	2,947,834	6,664,287	2,566,697
2022	3,902,276	3,089,372	6,991,648	2,731,749
2023	4,097,390	3,236,622	7,334,012	2,937,089
2024	4,302,260	3,388,810	7,691,070	3,041,513
2025	4,517,373	3,549,610	8,066,983	3,157,995
2026	4,743,242	3,719,273	8,462,515	3,360,205
2027	4,980,404	3,895,745	8,876,149	3,490,784
2028	5,229,424	4,081,891	9,311,315	3,644,952
2029	5,490,895	4,277,686	9,768,581	3,808,650
2030	5,765,440	4,483,566	10,249,006	3,966,074
2031	6,053,712	4,700,503	10,754,215	4,091,380
2032	6,356,398	4,930,339	11,286,737	4,220,646
2033	6,674,218	5,173,865	11,848,083	4,353,995
2034	7,007,929	5,431,917	12,439,846	4,491,558
2035	7,358,325	5,705,382	13,063,707	4,633,467
2036	7,726,241	5,995,196	13,721,437	4,779,860
2037	8,112,553	6,302,355	14,414,908	4,930,878
2038	8,518,181	6,627,911	15,146,092	5,086,667
2039	8,944,090	6,972,977	15,917,067	5,247,378
2040	9,391,295	7,338,733	16,730,028	5,413,167
2041	9,860,860	7,726,426	17,587,286	5,584,194
2042	10,353,903	8,137,379	18,491,282	5,760,625
2043	10,871,598	8,572,989	19,444,587	5,942,629
2044	11,415,178	9,034,736	20,449,914	6,130,384
2045	11,985,937	9,524,184	21,510,121	6,324,072

SECTION V – SCHEDULE OF EMPLOYER CONTRIBUTIONS (Continued)

Assumed Full Prefunding Interest Rate of 7.75%

Fiscal Year Ending In	Normal Cost	Amortization of UAL	ARC	Pay-as-You-Go
2014	916,686	1,839,182	2,755,868	1,447,006
2015	953,353	1,912,749	2,866,102	1,502,412
2016	991,487	1,989,259	2,980,746	1,626,263
2017	1,031,146	2,068,829	3,099,975	1,799,494
2018	1,072,392	2,151,582	3,223,974	1,998,260
2019	1,115,288	2,237,645	3,352,933	2,210,328
2020	1,159,900	2,327,151	3,487,051	2,404,791
2021	1,206,296	2,420,237	3,626,533	2,566,697
2022	1,254,548	2,517,046	3,771,594	2,731,749
2023	1,304,730	2,617,728	3,922,458	2,937,089
2024	1,356,919	2,722,437	4,079,356	3,041,513
2025	1,411,196	2,831,334	4,242,530	3,157,995
2026	1,467,644	2,944,587	4,412,231	3,360,205
2027	1,526,350	3,062,370	4,588,720	3,490,784
2028	1,587,404	3,184,865	4,772,269	3,644,952
2029	1,650,900	3,312,260	4,963,160	3,808,650
2030	1,716,936	3,444,750	5,161,686	3,966,074
2031	1,785,613	3,582,540	5,368,153	4,091,380
2032	1,857,038	3,725,842	5,582,880	4,220,646
2033	1,931,320	3,874,876	5,806,196	4,353,995
2034	2,008,573	4,029,871	6,038,444	4,491,558
2035	2,088,916	4,191,066	6,279,982	4,633,467
2036	2,172,473	4,358,709	6,531,182	4,779,860
2037	2,259,372	4,533,057	6,792,429	4,930,878
2038	2,349,747	4,714,379	7,064,126	5,086,667
2039	2,443,737	4,902,954	7,346,691	5,247,378
2040	2,541,486	5,099,072	7,640,558	5,413,167
2041	2,643,145	5,303,035	7,946,180	5,584,194
2042	2,748,871	5,515,156	8,264,027	5,760,625
2043	2,858,826	5,763,338	8,622,164	5,942,629
2044	2,973,179	-	2,973,179	6,130,384
2045	3,092,106	-	3,092,106	6,324,072

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS

All Groups

Interest	No Prefunding: 3.50%, net of investment expenses Full Prefunding: 7.75%, net of investment expenses
Actuarial Cost Method:	Projected Unit Credit
Mortality: – Healthy: –Disabled:	The IRS Static Mortality Table. The RP-2000 Combined Healthy Table set forward 2 years.

Medical Care Inflation:

Year	
2014	7.0%
2015	6.5%
2016	6.0%
2017	5.5%
2018	5.0%
2019+	4.5%

Participation:	90% of future District retirees are assumed to participate in the retiree medical plan. 90% of future District retirees are assumed to elect life insurance.
Marital status:	80% of male District employees and 60% of female District employees are assumed to have a covered spouse at retirement. Wives are assumed to be three years younger than their husbands.
Termination Benefit:	90% of current actives over age 50 with at least 10 years of service are expected to elect medical coverage starting at age 65.
Medical Plan Costs:	The estimated gross per capita incurred claim costs for all retirees and beneficiaries during 2014-15 at age 64 and 65 are $11,532 and $4,207, respectively. Medicare eligible retirees' per capita claims costs at age 65 is $3,867. It is assumed that future retirees participate in the same manner as current retirees. Per capita costs were developed from age adjusting a blend of the current premium rates for the various insured arrangements. Employee cost sharing is based on current rates. Future cost sharing is based on the weighted average of the current cost sharing of retirees and beneficiaries. Premium costs include cost of administration.

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS (Continued)

Amortization period: 30-year level percent of pay assuming 4% increasing payments. Open basis for the partial and Closed basis for full Prefunding method forecast. For a closed basis, the amortization period is a specific number of years that is counted from one date, declining to zero with the passage of time.

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

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

Current Employees: Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average current cost. This weighted-average current cost is based on the medical plan coverage of current retirees under age 65.

At age 65, active participants are assumed to participate in the same manner as current retirees over age 65 in Medicare Supplemental plans.

Pre-Age 65 Retirees: Current retirees, spouses and beneficiaries who are under age 65 are assumed to remain in their current medical plan until age 65. At age 65, all participants are assumed to participate in Medicare supplement plan in the same proportions as current post 65 retirees.

Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65. At age 65, all participants are assumed to participate in post 65 Medicare supplemental plans in the same proportions as current retirees over age 65.

Post-Age 65 Retirees: Current retirees over age 65 remain in their current medical plan until death for purposes of measuring their contributions. Amounts to be received in the future for the Medicare Part D Retiree Drug Subsidy are not reflected in the valuation.

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS (Continued)

NON-TEACHERS

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

Group 1 and 2

Age	Disability	Service Retirement	
		Male	Female
25	.02%		
30	.03		
35	.06		
40	.10		
45	.15		
50	.19	1.0%	1.5%
55	.24	2.0	5.5
60	.28	12.0	5.0
62	.30	30.0	15.0
65	.30	40.0	15.0
69		30.0	20.0

Years of Service	Rates of Withdrawal
0	15.0%
1	12.0%
2	10.0%
3	9.0%
4	8.0%
5	7.6%
10	5.4%
15	3.3%
20	2.0%
25	1.0%
30+	0.0%

It is assumed that 45% of all disabilities are ordinary and 55% are service connected.

Group 4

Age	Disability	Service Retirements
25	0.20%	
30	0.30	
35	0.30	
40	0.30	
45	1.00	1.0%
50	1.25	2.0
55	1.20	15.0
60	0.85	20.0
62	0.75	25.0
65	0.00	100.0
69		

Years of Service	Rates of Withdrawal
0	1.5%
1	1.5
2	1.5
3	1.5
4	1.5
5	1.5
6	1.5
7	1.5
8	1.5
9	1.5
10	1.5
11+	0.0

It is assumed that 10% of all disabilities are assumed to be ordinary and 90% are service connected.

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS (Continued)

TEACHERS

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

Age	Disability
25	0.0002
30	0.0003
35	0.0006
40	0.0010
45	0.0015
50	0.0019
55	0.0024
60	0.0028
62	0.0030
65	0.0030
69	

Years of Service	Rates of Withdrawal
0	0.150
1	0.120
2	0.100
3	0.090
4	0.080
5	0.076
10	0.054
15	0.033
20	0.020
25	0.010
30+	0.000

	Male Service Retirement		Female Service Retirement	
Age	<20	20+	<20	20+
50	0.00	0.01	0.00	0.01
55	0.02	0.03	0.02	0.04
60	0.12	0.20	0.12	0.16
61	0.15	0.30	0.15	0.20
62	0.18	0.35	0.18	0.25
63	0.15	0.35	0.15	0.25
64	0.25	0.30	0.25	0.30
65	0.40	0.50	0.40	0.40
66	0.40	0.30	0.40	0.30
67	0.40	0.30	0.40	0.25
68	0.40	0.30	0.40	0.35
69	0.40	0.40	0.40	0.35
70	1.00	1.00	1.00	1.00

Teachers electing the increased benefit under Chapter 114 of the Acts of 2000 were assumed to have higher rates of retirement from ages 54 to 62 if their service was greater than 30 years. These rates are the same for males and females. The rate at age 54 is 0.035. The rate increases to 0.06 at age 55, 0.18 at age 56 and 0.30 at age 57. The rate for ages 58, 59 and 62 is 0.40. The rate for ages 60 and 61 is 0.35.

SCHEDULE B – CONSIDERATION OF HEALTH CARE REFORM

Summary of Effects of Selected Provisions

Early Retiree Reinsurance Program – Effective 6/1/2010: Due to the short-term nature of the payments expected to be received under this program, we did not feel it would be appropriate to include the impact of this program on long-term GASB 45 liabilities.

Removal of Lifetime Maximum The elimination of the lifetime maximums would have a negligible impact on the retiree health plan obligations since the plans have relatively high lifetime maximums of $2 million or none.

Medicare Advantage Plans - Effective 1/1/2011: The law provides for reductions to the amounts that would be provided to Medicare Advantage plans starting in 2011. The District offers Medicare Advantage plans. Payments are not reflected as on ongoing offsetting item in GASB 45 valuations, and so no direct impact is reflected

Expansion of Child Coverage to Age 26: Since few retirees cover children on retiree health plans, this provision have a relatively small effect on the gross benefit cost.

Medicare Part D Subsidy - Shrinking Medicare Prescription Drug "Donut Hole"- Starting 1/1/2011– RDS payments are not reflected as on ongoing offsetting item in GASB 45 valuations, and so no direct impact is reflected.

Excise Tax on High-Cost Employer Health Plans (aka Cadillac Tax) - Effective 1/1/2018 There is considerable uncertainty about how the tax would be applied, and considerable latitude in grouping of participants for tax purposes. Based on a preliminary projection of the calculation on a blended pre-65/post-65 retiree coverage basis, we have included an estimate of the tax payments in the liabilities.

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

SCHEDULE C - SUMMARY OF PROGRAM PROVISIONS

Retirement Medical Insurance:	Retired employees pay a variable portion of their post-retirement medical costs, which varies by plan.
Life Insurance:	The District contributes $3.75 per month for each retiree receiving basic life insurance.
Spousal Coverage:	Current and future retirees may elect to include their spouses as part of their post-retirement benefits. There is lifetime spousal coverage for medical insurance.
Section 18 Coverage:	The District has elected to adopt Section 18 under Chapter 32B of the General Laws of Massachusetts, which requires that an employee or retiree must participate in the Medicare program as the primary payer once one reaches age 65 and is Medicare eligible.
Retirement Eligibility:	Age 55 with 10 years of service, or 20 years of service.
Ordinary Disability Eligibility:	10 years of service and under age 55.
Termination Eligibility:	10 years of service.

SCHEDULE D - GLOSSARY OF TERMS

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

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

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

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

Amortization (of unfunded actuarial accrued liability)
That portion of the OPEB plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability or the Unfunded Frozen Actuarial Accrued Liability.

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

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

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

SCHEDULE D - GLOSSARY OF TERMS (Continued)

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

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

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

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.

SCHEDULE D - GLOSSARY OF TERMS (Continued)

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

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