

**City of Everett Other
Postemployment Benefits Plan**

GASB 45 Actuarial Valuation

as of

July 1, 2013

For the fiscal years ending

June 30, 2014

June 30, 2015

Delivered March 2015

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LETTER

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March 6, 2015

Personal and Confidential

Mr. Richard Viscay
Chief Financial Officer
City of Everett
484 Broadway
Everett, MA 02149

Dear Mr. Viscay:

We have performed an actuarial valuation of the City of Everett Other Postemployment Benefits Plan for the fiscal year ending June 30, 2014. The figures presented in this report reflect the adoption, by the City of Everett, of Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") effective July 1, 2007.

The financial results of the actuarial valuation are summarized in the report. The Executive Summaries highlight the results of the valuation. Additional information summarizing census data, actuarial assumptions, claim rates and the methodology for developing them, as well as a glossary of selected terms used in this study, is also included in the report.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and reasonable expectations and, in combination, represent our best estimate of the anticipated experience under the plan.

We refer you to Section I of this report for a detailed summary and commentary on the results of the valuation and a comparison with the prior valuation. Section II is a summary of the plan provisions, and Section III describes the actuarial cost method and assumptions. Details for cost calculations, supporting data, and disclosures are provided in Exhibits A through C.

We will be pleased to answer any questions that you may have regarding this actuarial valuation report.

Very truly yours,

A handwritten signature in black ink, appearing to read 'P. Elmore', written in a cursive style.

Parker E. Elmore, ASA, EA, MAAA, FCA
President, Actuary & CEO

March 6, 2015

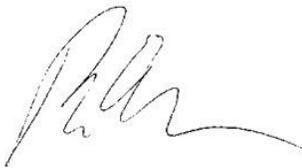
ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the City of Everett other postemployment benefit programs as of July 1, 2013 for the fiscal year ending June 30, 2014 in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Number 43 and 45 for the determination of the liability for postemployment benefits other than pensions.

The actuarial data is based on the plan of benefits verified by the City and on participant claims or premium data provided by the City and/or vendors employed by the City.

The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may yield results significantly different than those reported here. As such, additional determinations may be needed for other purposes including determining the benefit security at termination and/or adequacy of the funding of an ongoing plan.

To the best of our knowledge, this report is complete and accurate and in our opinion represents the information necessary to comply with GASB Statements Number 43 and 45 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries and other professional actuarial organizations and meet their "General Qualification Standards for Statements of Actuarial Opinion" to render the actuarial opinion contained herein. Further, in our opinion, the assumptions as approved by the City are reasonably related to the experience and expectations of the postemployment benefits programs.

A handwritten signature in black ink, appearing to read 'P. Elmore', is written over a horizontal line.

Parker E. Elmore, ASA, EA, FCA, MAAA
President, Actuary & CEO

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

City of Everett

Assuming Pay-as-you-go funding - 4.00% discount rate

Comparison of Plan Liabilities to Prior Valuation

	<u>July 1, 2013</u>	<u>July 1, 2011</u>
I. Present Value of Future Benefits		
A. Actives	188,628,271	153,011,787
B. Retirees/Disabled	<u>82,312,915</u>	<u>83,152,581</u>
C. Total	270,941,186	236,164,368
II. Present Value of Future Normal Cost	109,450,926	85,243,730
III. Actuarial Accrued Liability (Projected Unit Credit)		
A. Actives	79,177,345	67,768,057
B. Retirees/Disabled	<u>82,312,915</u>	<u>83,152,581</u>
C. Total	161,490,260	150,920,638
IV. Plan Assets	0	0
V. Unfunded Actuarial Accrued Liability ("UAAL") [III. - IV.]	161,490,260	150,920,638
VI. Funded Ratio [IV. / III.]	0.00%	0.00%
VII. Annual Covered Payroll	60,542,904	33,233,319
VIII. UAAL as % of Covered Payroll	266.70%	454.1%
IX. Net OPEB Obligation (Asset) @ Beginning of Fiscal Year	46,207,000	28,689,555
X. Number of Eligible Participants		
A. Actives	1,540	1,356
B. Retirees/Disabled	<u>1,069</u>	<u>992</u>
C. Total	2,609	2,348
For Fiscal Year Ending June 30, 2014	<u>June 30, 2014</u>	<u>June 30, 2012</u>
XI. Normal Cost	7,362,596	5,977,677
XII. Amortization of UAAL - 30 year flat dollar	7,623,972	7,623,972
XIII. Annual Required Contribution ('ARC') [XI. + XII.]	14,986,568	13,601,649
XIV. Interest on Net OPEB Obligation (Asset)	1,848,280	1,147,581
XV. Adjustment to Annual Required Contribution	(2,569,377)	(2,481,125)
XVI. Amortization of Actuarial (Gains) / Losses	2,257,494	2,016,895
XVII. Annual OPEB Expense [XIII. + XIV. + XV. + XVI.]	16,522,965	14,285,000
XVIII. Employer Share of Costs	6,108,775	5,969,268
XIX. Extra Employer Payments to OPEB Trust	0	0
XX. Total Employer Contribution [XVIII. + XIX.]	6,108,775	5,969,268
XXI. Percentage of Annual OPEB Expense Contributed	37.0%	41.8%
XXII. Net OPEB Obligation (Asset) at Beginning of Year [IX.]	46,207,000	28,689,555
XXIII. Increase (Decrease) in Net OPEB Obligations (Asset) [XVII. - XX.]	10,414,190	8,315,732
XXIV. Net OPEB Obligation (Asset) at End of Year [XXII. + XXIII.]	56,621,190	37,005,287
XXV. Discount Rate	4.00%	4.00%

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
 (continued)

City of Everett
Comparison of Plan Funding vs. Pay-as-you-go Funding

	<u>pay-as-you-go-4.00%</u> <u>discount rate</u>	<u>Plan Funding -7.00%</u> <u>discount rate</u>
I. Present Value of Future Benefits		
A. Actives	188,628,271	89,927,613
B. Retirees/Disabled	82,312,915	62,449,888
C. Total	270,941,186	152,377,501
II. Present Value of Future Normal Cost	109,450,926	45,429,549
III. Actuarial Accrued Liability (Projected Unit Credit)		
A. Actives	79,177,345	44,498,064
B. Retirees/Disabled	82,312,915	62,449,888
C. Total	161,490,260	106,947,952
IV. Plan Assets	0	0
V. Unfunded Actuarial Accrued Liability ("UAAL") [III. - IV.]	161,490,260	106,947,952
VI. Funded Ratio [IV. / III.]	0.00%	0.00%
VII. Annual Covered Payroll	60,542,904	60,542,904
VIII. UAAL as % of Covered Payroll	266.70%	176.60%
IX. Net OPEB Obligation (Asset) @ Beginning of Fiscal Year	46,207,000	46,207,000
X. Number of Eligible Participants		
A. Actives	1,540	1,540
B. Retirees/Disabled	1,069	1,069
C. Total	2,609	2,609
For Fiscal Year Ending June 30, 2014		
XI. Normal Cost	7,362,596	3,672,382
XII. Amortization of UAAL - 30 year flat dollar	7,623,972	9,850,901
XIII. Annual Required Contribution ('ARC') [XI. + XII.]	14,986,568	13,523,283
XIV. Interest on Net OPEB Obligation (Asset)	1,848,280	3,234,490
XV. Adjustment to Annual Required Contribution	(2,569,377)	(3,480,052)
XVI. Amortization of Actuarial (Gains) / Losses	2,257,494	(1,050,196)
XVII. Annual OPEB Expense [XIII. + XIV. + XV. + XVI.]	16,522,965	12,227,525
XVIII. Employer Share of Costs	6,108,775	6,108,775
XIX. Extra Employer Payments to OPEB Trust	0	5,051,676
XX. Total Employer Contribution [XVIII. + XIX.]	6,108,775	11,160,451
XXI. Percentage of Annual OPEB Expense Contributed	37.0%	91.3%
XXII. Net OPEB Obligation (Asset) at Beginning of Year [IX.]	46,207,000	46,207,000
XXIII. Increase (Decrease) in Net OPEB Obligations (Asset) [XVII. - XX.]	10,414,190	1,067,074
XXIV. Net OPEB Obligation (Asset) at End of Year [XXII. + XXIII.]	56,621,190	47,274,074
XXV. Discount Rate	4.00%	7.00%

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

(continued)

City of Everett

Assuming pay-as-you-go - 4.00% discount rate

Plan Liabilities as of July 1, 2013

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Excise Tax</u>	<u>Total</u>
I. Present Value of Future Benefits					
A. Actives	187,616,813	0	859,811	151,647	188,628,271
B. Retirees/Disabled	<u>80,202,860</u>	<u>0</u>	<u>1,519,497</u>	<u>590,558</u>	<u>82,312,915</u>
C. Total	267,819,673	0	2,379,308	742,205	270,941,186
II. Present Value of Future Normal Cost	108,923,361	0	387,137	140,428	109,450,926
III. Actuarial Accrued Liability (Projected Unit Credit)					
A. Actives	78,693,452	0	472,674	11,219	79,177,345
B. Retirees/Disabled	<u>80,202,860</u>	<u>0</u>	<u>1,519,497</u>	<u>590,558</u>	<u>82,312,915</u>
C. Total	158,896,312	0	1,992,171	601,777	161,490,260
IV. Plan Assets	0	0	0	0	0
V. Unfunded Actuarial Accrued Liability ("UAAL") [III. - IV.]	158,896,312	0	1,992,171	601,777	161,490,260
VI. Annual Covered Payroll	60,542,904	60,542,904	60,542,904	60,542,904	60,542,904
VII. UAAL as % of Covered Payroll	262.5%	0.0%	3.3%	1.0%	266.7%
VIII. Net OPEB Obligation (Asset) @ Beginning of Fiscal Year	45,464,797	0	570,017	172,186	46,207,000
IX. Number of Eligible Participants					
A. Actives	1,540	1,540	1,540	1,540	
B. Retirees/Disabled	<u>1,069</u>	<u>0</u>	<u>572</u>	<u>1,069</u>	
C. Total	2,609	1,540	2,112	2,609	
For Fiscal Year Ending June 30, 2014					
X. Normal Cost	7,322,974	0	35,455	4,167	7,362,596
XI. Amortization of UAAL - 30 year flat dollar	7,501,511	0	94,051	28,410	7,623,972
XII. Annual Required Contribution ('ARC') [X. + XI.]	14,824,485	0	129,506	32,577	14,986,568
XIII. Interest on Net OPEB Obligation (Asset)	1,818,592	0	22,801	6,887	1,848,280
XIV. Adjustment to Annual Required Contribution	(2,528,108)	0	(31,696)	(9,573)	(2,569,377)
XV. Amortization of Actuarial (Gains) / Losses	2,221,234	0	27,848	8,412	2,257,494
XVI. Annual OPEB Expense [XII. + XIII. + XIV. + XV.]	16,336,203	0	148,459	38,303	16,522,965
XVII. Employer Share of Costs	6,005,791	0	102,984	0	6,108,775
XVIII. Extra Employer Payments to OPEB Trust	0	0	0	0	0
XIX. Total Employer Contribution [XVII. + XVIII.]	6,005,791	0	102,984	0	6,108,775
XX. Percentage of Annual OPEB Expense Contributed	36.8%	0.0%	69.4%	0.0%	37.0%
XXI. Net OPEB Obligation (Asset) at Beginning of Year [VIII.]	45,464,797	0	570,017	172,186	46,207,000
XXII. Increase (Decrease) in Net OPEB Obligations (Asset) [XVI. - XIX.]	10,330,412	0	45,475	38,303	10,414,190
XXIII. Net OPEB Obligation (Asset) at End of Year [XXI. + XXII.]	55,795,209	0	615,492	210,489	56,621,190

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

City of Everett
Plan Liabilities as of July 1, 2013
Assuming maintain pay-as-you-go funding method

	City Employees and Retirees	Teacher Employees and Retirees	Non-Teacher School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Present Value of Future Benefits							
A. Actives	42,609,889	57,710,084	23,080,642	33,522,467	30,501,008	1,204,181	188,628,271
B. Retirees/Disabled	<u>23,644,723</u>	<u>27,166,756</u>	<u>6,959,733</u>	<u>12,291,117</u>	<u>11,181,348</u>	<u>1,069,238</u>	<u>82,312,915</u>
C. Total	66,254,612	84,876,840	30,040,375	45,813,584	41,682,356	2,273,419	270,941,186
II. Present Value of Future Normal Cost	24,767,680	34,902,010	19,182,376	16,361,470	13,381,948	855,442	109,450,926
III. Actuarial Accrued Liability (Projected Unit Credit)							
A. Actives	17,842,209	22,808,074	3,898,266	17,160,997	17,119,060	348,739	79,177,345
B. Retirees/Disabled	<u>23,644,723</u>	<u>27,166,756</u>	<u>6,959,733</u>	<u>12,291,117</u>	<u>11,181,348</u>	<u>1,069,238</u>	<u>82,312,915</u>
C. Total	41,486,932	49,974,830	10,857,999	29,452,114	28,300,408	1,417,977	161,490,260
IV. Plan Assets	0	0	0	0	0	0	0
V. Unfunded Actuarial Accrued Liability ("UAAL") [III. - IV.]	41,486,932	49,974,830	10,857,999	29,452,114	28,300,408	1,417,977	161,490,260
VI. Annual Covered Payroll	6,323,424	28,373,526	15,490,412	6,016,591	4,057,592	281,358	60,542,904
VII. UAAL as % of Covered Payroll	656.1%	176.1%	70.1%	489.5%	697.5%	504.0%	266.7%
VIII. Net OPEB Obligation (Asset) @ Beginning of Fiscal Year	11,896,404	14,330,408	3,113,752	8,445,747	8,115,689	305,000	46,207,000
IX. Number of Eligible Participants							
A. Actives	393	555	303	145	132	12	1,540
B. Retirees/Disabled	<u>299</u>	<u>353</u>	<u>122</u>	<u>127</u>	<u>152</u>	<u>16</u>	<u>1,069</u>
C. Total	692	908	425	272	284	28	2,609
For Fiscal Year Ending June 30, 2014							
X. Normal Cost	1,783,929	2,149,774	952,571	1,276,327	1,144,489	55,506	7,362,596
XI. Amortization of UAAL - 30 year flat dollar	1,908,434	2,380,142	517,163	1,402,756	1,347,938	67,539	7,623,972
XII. Annual Required Contribution ('ARC') [X. + XI.]	3,692,363	4,529,916	1,469,734	2,679,083	2,492,427	123,045	14,986,568
XIII. Interest on Net OPEB Obligation (Asset)	475,856	573,217	124,550	337,830	324,627	12,200	1,848,280
XIV. Adjustment to Annual Required Contribution	(661,509)	(796,855)	(173,142)	(469,633)	(451,279)	(16,959)	(2,569,377)
XV. Amortization of Actuarial (Gains) / Losses	579,952	698,605	151,785	411,715	395,615	19,822	2,257,494
XVI. Annual OPEB Expense [XII. + XIII. + XIV. + XV.]	4,086,662	5,004,883	1,572,927	2,958,995	2,761,390	138,108	16,522,965
XVII. Employer Share of Costs	1,788,181	1,961,975	610,176	788,260	884,001	76,182	6,108,775
XVIII. Extra Employer Payments to OPEB Trust	0	0	0	0	0	0	0
XIX. Total Employer Contribution [XVII. + XVIII.]	1,788,181	1,961,975	610,176	788,260	884,001	76,182	6,108,775
XX. Percentage of Annual OPEB Expense Contributed	43.8%	39.2%	38.8%	26.6%	32.0%	55.2%	37.0%
XXI. Net OPEB Obligation (Asset) at Beginning of Year [VIII.]	11,896,404	14,330,408	3,113,752	8,445,747	8,115,689	305,000	46,207,000
XXII. Increase (Decrease) in Net OPEB Obligations (Asset) [XVI. - XIX.]	2,298,481	3,042,908	962,751	2,170,735	1,877,389	61,926	10,414,190
XXIII. Net OPEB Obligation (Asset) at End of Year [XXI. + XXII.]	14,194,885	17,373,316	4,076,503	10,616,482	9,993,078	366,926	56,621,190

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

(continued)

City of Everett

Detail of Plan Liabilities by Group and Dependency Status

Assuming Pay-as-you-go funding - 4.00% discount rate

Plan Liabilities as of July 1, 2013

	<u>Present Value of Future Benefits</u>	<u>Actuarial Accrued Liability (Projected Unit Credit)</u>	<u>Normal Cost</u>
Actives			
Under Age 65			
A. Participants	30,639,446	13,115,832	1,216,140
B. Spouses	<u>29,310,669</u>	<u>12,780,529</u>	<u>1,153,587</u>
C. Total	59,950,115	25,896,361	2,369,727
Age 65 and Over			
A. Participants	71,169,063	29,370,894	2,754,760
B. Spouses	<u>57,509,093</u>	<u>23,910,090</u>	<u>2,238,109</u>
C. Total	128,678,156	53,280,984	4,992,869
Actives Total			
A. Participants	101,808,509	42,486,726	3,970,900
B. Spouses	<u>86,819,762</u>	<u>36,690,619</u>	<u>3,391,696</u>
C. Total	188,628,271	79,177,345	7,362,596
Retirees/Disabled			
Under Age 65			
A. Participants	7,328,573	7,328,573	0
B. Spouses	<u>6,231,043</u>	<u>6,231,043</u>	<u>0</u>
C. Total	13,559,616	13,559,616	0
Age 65 and Over			
A. Participants	48,445,363	48,445,363	<u>0</u>
B. Spouses	<u>20,307,936</u>	<u>20,307,936</u>	<u>0</u>
C. Total	68,753,299	68,753,299	0
Retirees/Disabled Total			
A. Participants	55,773,936	55,773,936	0
B. Spouses	<u>26,538,979</u>	<u>26,538,979</u>	<u>0</u>
C. Total	82,312,915	82,312,915	0
Total Population			
A. Participants	157,582,445	98,260,662	3,970,900
B. Spouses	<u>113,358,741</u>	<u>63,229,598</u>	<u>3,391,696</u>
C. Total	270,941,186	161,490,260	7,362,596

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

(continued)

City of Everett

Assuming Funding over 30 years at 7.00% discount rate

Plan Liabilities as of July 1, 2013

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Excise Tax</u>	<u>Total</u>
I. Present Value of Future Benefits					
A. Actives	89,476,813	0	401,661	49,139	89,927,613
B. Retirees/Disabled	<u>60,914,999</u>	<u>0</u>	<u>1,160,864</u>	<u>374,025</u>	<u>62,449,888</u>
C. Total	150,391,812	0	1,562,525	423,164	152,377,501
II. Present Value of Future Normal Cost	45,231,832	0	152,348	45,369	45,429,549
III. Actuarial Accrued Liability (Projected Unit Credit)					
A. Actives	44,244,981	0	249,313	3,770	44,498,064
B. Retirees/Disabled	<u>60,914,999</u>	<u>0</u>	<u>1,160,864</u>	<u>374,025</u>	<u>62,449,888</u>
C. Total	105,159,980	0	1,410,177	377,795	106,947,952
IV. Plan Assets	0	0	0	0	0
V. Unfunded Actuarial Accrued Liability ("UAAL") [III. - IV.]	105,159,980	0	1,410,177	377,795	106,947,952
VI. Annual Covered Payroll	60,542,904	60,542,904	60,542,904	60,542,904	60,542,904
VII. UAAL as % of Covered Payroll	173.7%	0.0%	2.3%	0.6%	176.6%
VIII. Net OPEB Obligation (Asset) @ Beginning of Fiscal Year	45,464,797	0	570,017	172,186	46,207,000
IX. Number of Eligible Participants					
A. Actives	1,540	1,540	1,540	1,540	
B. Retirees/Disabled	<u>1,069</u>	<u>0</u>	<u>572</u>	<u>1,069</u>	
C. Total	2,609	1,540	2,112	2,609	
For Fiscal Year Ending June 30, 2014					
X. Normal Cost	3,654,396	0	16,615	1,371	3,672,382
XI. Amortization of UAAL - 30 year flat dollar	9,686,213	0	129,890	34,798	9,850,901
XII. Annual Required Contribution ('ARC') [X. + XI.]	13,340,609	0	146,505	36,169	13,523,283
XIII. Interest on Net OPEB Obligation (Asset)	3,182,536	0	39,901	12,053	3,234,490
XIV. Adjustment to Annual Required Contribution	(3,424,154)	0	(42,930)	(12,968)	(3,480,052)
XV. Amortization of Actuarial (Gains) / Losses	(1,032,638)	0	(13,848)	(3,710)	(1,050,196)
XVI. Annual OPEB Expense [XII. + XIII. + XIV. + XV.]	12,066,353	0	129,628	31,544	12,227,525
XVII. Employer Share of Costs	6,005,791	0	102,984	0	6,108,775
XVIII. Extra Employer Payments to OPEB Trust	4,993,488	0	26,644	31,544	5,051,676
XIX. Total Employer Contribution [XVII. + XVIII.]	10,999,279	0	129,628	31,544	11,160,451
XX. Percentage of Annual OPEB Expense Contributed	91.2%	0.0%	100.0%	100.0%	91.3%
XXI. Net OPEB Obligation (Asset) at Beginning of Year [VIII.]	45,464,797	0	570,017	172,186	46,207,000
XXII. Increase (Decrease) in Net OPEB Obligations (Asset) [XVI. - XIX.]	1,067,074	0	0	0	1,067,074
XXIII. Net OPEB Obligation (Asset) at End of Year [XXI. + XXII.]	46,531,871	0	570,017	172,186	47,274,074

SECTION I
PRINCIPAL RESULTS OF THE VALUATION
(continued)

City of Everett
Plan Liabilities as of July 1, 2013
Assuming Funding over 30 years at 7.00% discount rate

	City Employees and Retirees	Teacher Employees and Retirees	Non-Teacher School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Water Enterprise Employees and Retirees	Total
I. Present Value of Future Benefits							
A. Actives	20,314,058	27,513,003	11,003,584	15,981,673	14,541,208	574,087	89,927,613
B. Retirees/Disabled	17,938,986	20,611,114	5,280,272	9,325,133	8,483,164	811,219	62,449,888
C. Total	38,253,044	48,124,117	16,283,856	25,306,806	23,024,372	1,385,306	152,377,501
II. Present Value of Future Normal Cost	10,280,265	14,486,699	7,961,986	6,791,118	5,554,415	355,066	45,429,549
III. Actuarial Accrued Liability (Projected Unit Credit)							
A. Actives	10,027,411	12,818,252	2,190,845	9,644,566	9,620,997	195,993	44,498,064
B. Retirees/Disabled	17,938,986	20,611,114	5,280,272	9,325,133	8,483,164	811,219	62,449,888
C. Total	27,966,397	33,429,366	7,471,117	18,969,699	18,104,161	1,007,212	106,947,952
IV. Plan Assets	0	0	0	0	0	0	0
V. Unfunded Actuarial Accrued Liability ("UAAL") [III. - IV.]	27,966,397	33,429,366	7,471,117	18,969,699	18,104,161	1,007,212	106,947,952
VI. Annual Covered Payroll	6,323,424	28,373,526	15,490,412	6,016,591	4,057,592	281,358	60,542,904
VII. UAAL as % of Covered Payroll	442.3%	117.8%	48.2%	315.3%	446.2%	358.0%	176.6%
VIII. Net OPEB Obligation (Asset) @ Beginning of Fiscal Year	11,896,404	14,330,408	3,113,752	8,445,747	8,115,689	305,000	46,207,000
IX. Number of Eligible Participants							
A. Actives	393	555	303	145	132	12	1,540
B. Retirees/Disabled	299	353	122	127	152	16	1,069
C. Total	692	908	425	272	284	28	2,609
For Fiscal Year Ending June 30, 2014							
X. Normal Cost	889,803	1,072,284	475,132	636,618	570,859	27,686	3,672,382
XI. Amortization of UAAL - 30 year flat dollar	2,465,879	3,075,371	668,224	1,812,495	1,741,665	87,267	9,850,901
XII. Annual Required Contribution (ARC) [X. + XI.]	3,355,682	4,147,655	1,143,356	2,449,113	2,312,524	114,953	13,523,283
XIII. Interest on Net OPEB Obligation (Asset)	832,747	1,003,130	217,963	591,203	568,097	21,350	3,234,490
XIV. Adjustment to Annual Required Contribution	(895,970)	(1,079,288)	(234,509)	(636,087)	(611,228)	(22,970)	(3,480,052)
XV. Amortization of Actuarial (Gains) / Losses	(269,796)	(324,994)	(70,611)	(191,532)	(184,042)	(9,221)	(1,050,196)
XVI. Annual OPEB Expense [XII. + XIII. + XIV. + XV.]	3,022,663	3,746,503	1,056,199	2,212,697	2,085,351	104,112	12,227,525
XVII. Employer Share of Costs	1,788,181	1,961,975	610,176	788,260	884,001	76,182	6,108,775
XVIII. Extra Employer Payments to OPEB Trust	1,320,990	1,579,033	352,897	896,032	855,148	47,576	5,051,676
XIX. Total Employer Contribution [XVII. + XVIII.]	3,109,171	3,541,008	963,073	1,684,292	1,739,149	123,758	11,160,451
XX. Percentage of Annual OPEB Expense Contributed	102.9%	94.5%	91.2%	76.1%	83.4%	118.9%	91.3%
XXI. Net OPEB Obligation (Asset) at Beginning of Year [VIII.]	11,896,404	14,330,408	3,113,752	8,445,747	8,115,689	305,000	46,207,000
XXII. Increase (Decrease) in Net OPEB Obligations (Asset) [XVI. - XIX.]	(86,508)	205,495	93,126	528,405	346,202	(19,646)	1,067,074
XXIII. Net OPEB Obligation (Asset) at End of Year [XXI. + XXII.]	11,809,896	14,535,903	3,206,878	8,974,152	8,461,891	285,354	47,274,074

Overview of GASB 43 and 45

GASB 43 requires retiree medical plans to disclose information about asset and liability levels and show historical contribution information. GASB 43 only applies in situations where a separate trust is established to prefund these benefits. GASB 45 requires employers to perform periodic actuarial valuations to determine annual accounting costs, and to keep a running tally of the extent to which these amounts are over or under funded.

GASB 43 and 45 apply to those benefits provided after retirement except for pension benefits such as medical insurance, dental and life insurance. The philosophy behind the accounting standard is that these post-employment benefits are part of the compensation earned by employees in return for their services, and the cost of these benefits should be recognized while employees are providing those services, rather than after they have retired. This philosophy has already been applied for years to defined benefit pensions; GASB 43 and 45 extend this practice to all other post-employment benefits.

Overview of GASB 43 and 45

(continued)

The process of determining the liability for OPEB benefits is based on many assumptions about future events. The key actuarial assumptions are:

Turnover and retirement rates: How likely is it that an employee will qualify for post-employment benefits and when will they start?

Medical inflation and claims cost assumptions: When an employee starts receiving post-employment benefits many years from now, how much will be paid each year for the benefits and how rapidly will the costs grow?

Mortality assumption: How long is a retiree likely to receive benefits?

Discount rate assumption: What is the present value of those future benefit payments in terms of today's dollars?

Since the liability is being recognized over the employee's whole career with the City, the present value is divided into three pieces: the part that is attributed to past years (the "Accrued Liability" or "Past Service Liability"), the part that is being earned this year (the "Normal Cost"), and the part that will be earned in future years (the "Future Service Liability").

Once the Accrued Liability and the Normal Cost have been calculated, the next step is to determine an annual contribution. This consists of two pieces:

- ✓ Normal Cost - because the benefits earned each year should be paid for each year
- ✓ Past Service Cost - a catch-up payment to fund the Accrued Liability over the next 10-30 years

The final step is to keep track going forward of how much of the contribution is actually paid. There is no requirement to actually fund these benefits, but the cumulative deficiency must be disclosed on the City's financial statements as the Net OPEB Obligation. If you decide to fully fund the OPEB obligation this will appear in the financial statement as a Net OPEB Asset. In addition, the Discount Rate used to calculate the liabilities must reflect the expected investment income of whatever funds are set aside to prefund the benefits; if there is no prefunding then the Discount Rate will be much lower and the liabilities significantly higher than if the benefits are prefunded.

Commentary on Plan Experience and Contribution Amounts

1. Transition to GASB 45:

The Plan adopted and implemented GASB 45 (“Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions”) effective for the fiscal year ending June 30, 2008. As part of this implementation, the Employer must recognize the Actuarial Accrued Liability for past service. Under GASB 45, this amount may be amortized over a period not to exceed thirty (30) years. The Unfunded Actuarial Accrued Liability at transition was amortized over a 30 year period and a flat dollar amortization of the Unfunded Actuarial Accrued Liability at transition. This approach yields an amortization charge of \$7,623,972. Additionally the Employer must recognize a “normal cost” which represents the annual accrual of benefits for current active employees toward their ultimate postemployment benefits. The normal cost for the 2014 fiscal year is \$7,362,596. The combined amortization charge and normal cost represent the Annual Required Contribution (“ARC”) for the plan for the 2014 fiscal year. As the Employer has chosen to continue their “pay-as-you-go” funding policy, this valuation must utilize a discount rate which represents earnings on short term investments. For this discount rate, we have used 4.00% per annum. The incremental cost of GASB 45 for the 2014 fiscal year beyond the “pay-as-you-go” costs is \$10,414,190 reduced by contributions to an OPEB Trust of \$0 for a net change in the OPEB liability of \$10,414,190 .

2. Plan Experience:

Plan experience was more favorable than expectation. This was mainly due to premiums increasing by 3% vs. an expected 11% increase over the two (2) year period. This was somewhat offset by the introduction of a more conservative mortality table and the introduction of the ACA excise tax. The actuarial experience gain is amortized into the annual OPEB costs over a 30-year period. The net impact of plan experience is an increase in the annual OPEB cost. Please note there was a change in methodology to include spouses of retirees in the count.

SECTION IISUMMARY OF PLAN PROVISIONS

<u>Effective Date</u>	July 1, 2007; GASB 45 is adopted.
<u>Plan Year</u>	July 1 through June 30.
<u>Eligibility</u>	An employee hired before April 2, 2012 shall become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service or an employee shall be able to retire with 20 years of service regardless of age. Those hired on or after April 2, 2012 shall be eligible to retire upon attainment of age 60 with 10 years of creditable service.
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Participant Contributions</u>	Premiums for Medical insurance are 15% of underlying gross premiums. Retirees contribute 15% of premiums for Life Insurance. Retirees shall pay 100% for dental coverage. Retired Teachers shall pay 10% to 15% (retired teachers receiving coverage via the GIC shall pay 10% if retired prior to July 1, 1990) for Medical & Life Insurance via the GIC depending upon their retirement date.
<u>Benefits Offered</u>	Comprehensive Medical & Dental Insurance offered through Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim and Tufts. Retired Teachers shall receive Medical & Dental Insurance as well as \$5,000 Group Term Life Insurance via the GIC.
<u>Normal Retirement Date</u>	The normal retirement date is the first day of the month following a participant's 65th birthday.
<u>Early Retirement</u>	Early retirement is available for any participant who has attained benefit eligibility.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS

A. ACTUARIAL COST METHOD

The actuarial cost method used to calculate the costs and liabilities of the plan is the Projected Unit Credit Actuarial Cost Method. Under this method, the normal cost and actuarial accrued liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to expected total service at retirement/termination.

Actuarial gains and losses are calculated each year and amortized over a 30 year period.

All employees who are plan participants on a valuation date are included in the actuarial valuation.

Future Method Change

With the pending update to GASB 45, the Projected Unit Credit Cost Method will be replaced by the Entry Age Normal Cost Method. Based on your census, we do not expect a material change in plan liabilities or expenses.

B. ASSET VALUATION METHOD

The actuarial value of assets is equal to the Market Value of the Plan's assets as of the valuation date.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
 AND ACTUARIAL ASSUMPTIONS

(continued)

C. ACTUARIAL ASSUMPTIONS

We used the following assumptions in this year’s actuarial valuation:

Pre- and Post-Retirement Mortality

It is assumed that both pre-retirement and post-retirement mortality are represented by the RP-2000 Mortality Table projected to 2017 for males and females.

Discount Rate

4.00% per annum (previously 4.00%)

Employee Termination

It was assumed that employees would terminate employment in accordance with the sample rates shown in the following table:

<u>Service</u>	<u>Non Public</u>		<u>Public</u> <u>Safety</u>
	<u>Safety Male</u>	<u>Safety Female</u>	
0	15.00%	15.00%	1.50%
5	7.60%	7.60%	1.50%
10	5.40%	5.40%	1.50%
15	3.30%	3.30%	0.00%
20	2.00%	2.00%	0.00%
25	1.00%	1.00%	0.00%
30	0.00%	0.00%	0.00%

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS
 (continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Retirement Rates for non-teachers

It was assumed that the following percentage of eligible employees would retire each year:

<u>Age</u>	<u>Non Public Safety Male</u>	<u>Non Public Safety Female</u>	<u>Public Safety</u>
45	0.00%	0.00%	1.00%
46	0.00%	0.00%	1.00%
47	0.00%	0.00%	1.00%
48	0.00%	0.00%	1.00%
49	0.00%	0.00%	1.00%
50	1.00%	1.50%	2.00%
51	1.00%	1.50%	2.00%
52	1.00%	2.50%	2.00%
53	1.00%	2.50%	5.00%
54	2.00%	2.50%	7.50%
55	2.00%	5.50%	15.00%
56	2.50%	6.50%	10.00%
57	2.50%	6.50%	10.00%
58	5.00%	6.50%	10.00%
59	6.50%	6.50%	15.00%
60	12.00%	5.00%	20.00%
61	20.00%	13.00%	20.00%
62	30.00%	15.00%	25.00%
63	25.00%	12.50%	25.00%
64	22.00%	18.00%	30.00%
65	40.00%	15.00%	100.00%
66	25.00%	20.00%	100.00%
67	25.00%	20.00%	100.00%
68	30.00%	25.00%	100.00%
69	30.00%	20.00%	100.00%
70	100.00%	100.00%	100.00%
71	100.00%	100.00%	100.00%
72	100.00%	100.00%	100.00%

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
 AND ACTUARIAL ASSUMPTIONS
 (continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Healthcare Trend

It was assumed that healthcare costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Medical</u>	<u>Dental</u>
FY 2008	11.0%	8.0%
FY 2009	10.0%	7.5%
FY 2010	9.0%	7.0%
FY 2011	8.0%	6.5%
FY 2012	7.0%	6.0%
FY 2013	6.0%	5.5%
FY 2014	5.0%	5.0%
FY 2015 +	5.0%	5.0%

Participation Rate

It was assumed that 80% of employees eligible to receive retirement benefits would enroll in the retiree medical and dental plans upon retirement. For life insurance plans, it was assumed that 80% of eligible employees would elect coverage upon retirement.

Percent Married

It was assumed that 80% of participants who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement. It was further assumed that husbands are three years older than their wives. For current retirees, the actual census information was used.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
 AND ACTUARIAL ASSUMPTIONS
 (continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Compensation Increases 3.00% per year.

Open Group Forecast It was assumed for projecting plan liabilities in future years that the active population would remain unchanged and that those who terminate employment or retire will be replace with new employees with the demographics below:

Open Group Forecast Population Demographics

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	8.0%	5.0%
30	7.0%	14.0%
40	20.0%	19.0%
50	10.0%	10.0%
60	<u>3.0%</u>	<u>4.0%</u>
Total	48.0%	52.0%

Additional Comments

The values in this report reflect a closed group and do not reflect any new entrants after the valuation date.

For purposes of this valuation, retiree contributions were assumed to increase with the same trend rate as health care claims.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

As part of the Other Post-Employment Benefits Program, there are situations where the cost is borne partly or entirely on the retirees. In most cases, the premium that is used to split the cost is lower than the true cost of providing the medical benefits, for two reasons:

- ✓ The cost sharing program is usually a fixed amount such as a COBRA premium that does not take into account the age of the retiree and his/her dependents. Since medical costs generally increase with age, the cost sharing premium is often lower than the true cost of the medical benefits:
- ✓ The cost sharing premium is usually a blended rate that takes into account the cost of medical benefits for active employees as well as retirees. Medical costs are generally higher for retirees than for active employees of the same age. This means that, again, the cost sharing premium is often lower than the true cost of the medical benefits.

Because of these two factors, a retiree who is paying 100% of the cost sharing premium is most likely not paying 100% of the true cost of the medical benefits. This situation is known as an “implicit subsidy”. GASB 43 and 45 require the plan sponsor to measure the liability for this subsidy; that is, the difference between the true cost of the medical benefits and the cost sharing premiums paid by the retiree. To do this, our valuation consists of several steps:

First, we calculate the liability for the true cost of medical benefits expected to be received by retirees and their dependents. This liability is based factors developed by actuaries that reflect how the cost of medical benefits varies by age and gender, as well as the other assumptions discussed on the prior page.

Next, we calculate the liability for the future premiums expected to be paid by the retiree for their own and their dependents’ coverage. This liability is based on the current premium rates without adjustment for age or gender. It also is based on the terms of the retiree medical program – different retirees pay different percentages based on their union, date of retirement, age at retirement, and other factors.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
AND ACTUARIAL ASSUMPTIONS
(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

I. CLAIMS COSTS DEVELOPMENT - Based on Active & Retiree Incurred Claims & Premiums

	Number of Participants			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
Network Blue HMO	11		156	167
Blue Care Elect PPO	45		175	220
Harvard Pilgrim HMO	20		696	716
Tufts Medicare Preferred	16	13		29
Managed Blue for Senior	16	9		25
Medex	208	131		339
Total	316	153	1,027	1,496

	Per Contract Costs (monthly) - FY 2015		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Network Blue HMO	622.60	0.00	1,662.71
Blue Care Elect PPO	910.81	0.00	2,017.89
Harvard Pilgrim HMO	680.22	0.00	1,843.70
Tufts Medicare Preferred	262.00	524.00	
Managed Blue for Senior	358.58	717.16	
Medex	392.80	785.60	

Gross Expected FY 2015 Incurred Premiums	25,979,759
Adjustment to reflect children's claims	(5,229,933)
Total Expected FY 2015 Incurred Premiums (adults only)	20,749,825

II. PRE-65 AND POST-65 PER CAPITA RETIREE ANNUAL CLAIM COSTS

	<u>Employer</u> <u>Primary</u>	<u>Medicare</u> <u>Primary</u>
Age 65	13,156	4,567
Average Age	11,710	4,567

SECTION III

**ACTUARIAL COST METHOD, ASSET VALUATION METHOD
 AND ACTUARIAL ASSUMPTIONS**

(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

III. BREAKDOWN OF CLAIM COSTS

20,749,825 Active and Retired Claims (No Children)

6,152 Average Per-Capita Claim

ALL ACTIVE EMPLOYEES AND SPOUSES (non-GIC)

Age Bracket	Number of		Female	Male	Aged (F)	Aged (M)	Age Related Claims
	Females	Males	Aging Factor	Aging Factor	Average Claims	Average Claims	
24 & Under	41	4	1.312	0.549	8,071	3,377	344,419
25 to 29	156	93	1.312	0.591	8,071	3,636	1,597,224
30 to 34	113	160	1.312	0.712	8,071	4,380	1,612,823
35 to 39	123	92	1.312	0.850	8,071	5,229	1,473,801
40 to 44	175	160	1.312	1.000	8,071	6,152	2,396,745
45 to 49	98	132	1.456	1.193	8,957	7,339	1,846,534
50 to 54	93	101	1.599	1.441	9,837	8,865	1,810,206
55 to 59	99	94	1.740	1.753	10,704	10,784	2,073,392
60 to 64	62	88	1.968	2.102	12,107	12,932	1,888,650
65 to 69	15	41	2.168	2.316	13,338	14,248	784,238
70 & Over	9	17	2.396	2.557	14,740	15,731	400,087
Total	984	982					16,228,119

ALL RETIREES AND SPOUSES - NOT MEDICARE ELIGIBLE (non-GIC)

Age Bracket	Number of		Female	Male	Aged (F)	Aged (M)	Age Related Claims
	Females	Males	Aging Factor	Aging Factor	Average Claims	Average Claims	
44 & Under	5	4	1.312	1.000	8,071	6,152	64,963
45 to 49	3	3	1.456	1.193	8,957	7,339	48,888
50 to 54	10	6	1.599	1.441	9,837	8,865	151,560
55 to 59	25	22	1.740	1.753	10,704	10,784	504,848
60 to 64	39	43	1.968	2.102	12,107	12,932	1,028,249
65 to 69	0	7	2.168	2.316	13,338	14,248	99,736
70 to 74	1	3	2.396	2.557	14,740	15,731	61,933
75 to 79	3	1	2.593	2.769	15,952	17,035	64,891
80 to 84	1	1	2.724	2.910	16,758	17,902	34,660
85 to 89	1	1	2.864	3.059	17,619	18,819	36,438
90 & Over	0	0	3.010	3.215	18,518	19,779	0
Total	88	91					2,096,166

ALL RETIREES AND SPOUSES - MEDICARE ELIGIBLE (non-GIC)

Age Bracket	Number of		Female	Male	Aged (F)	Aged (M)	Age Related Claims
	Females	Males	Aging Factor	Aging Factor	Average Claims	Average Claims	
65 to 69	38	39	2.168	2.316	4,567	4,567	351,659
70 to 74	61	51	2.396	2.557	4,567	4,567	511,504
75 to 79	60	51	2.593	2.769	4,567	4,567	506,937
80 to 84	57	51	2.724	2.910	4,567	4,567	493,236
85 to 89	51	33	2.864	3.059	4,567	4,567	383,628
90 & Over	21	18	3.010	3.215	4,567	4,567	178,113
Total	288	243					2,425,077

Grand Totals 1360 1316 20,749,362

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD
 AND ACTUARIAL ASSUMPTIONS

(continued)

E. DEVELOPMENT OF REPRESENTATIVE DENTAL PER CAPITA CLAIMS COSTS

I. CLAIMS COSTS DEVELOPMENT - with Active & Retiree Incurred Premiums

	Per Contract Costs (monthly) - FY 2015		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
Dental Plan	N/A		N/A
	FY 2015 Expected Per Person Rate		N/A

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2013)

The GASB Standards for accounting and financial reporting for postemployment benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree medical and life insurance benefits;

1. A DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PROGRAM:

- a. Plan Type: Various Medical Insurance offerings via the Blue Cross Blue Shield of Massachusetts, Tufts and Harvard Pilgrim (retired teachers will receive coverage via the GIC).
- b. Administrator: City of Everett
- c. Eligibility: An employee hired before April 2, 2012 shall become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service or an employee shall be able to retire with 20 years of service regardless of age. Those hired on or after April 2, 2012 shall be eligible to retire upon attainment of age 60 with 10 years of creditable service.
- d. Cost Sharing: Premiums for Medical Insurance are 15% of underlying gross premiums. Retired Teachers shall pay 10% to 15% (retired teachers receiving coverage via the GIC shall pay 10% if retired prior to July 1, 1990) for Medical Insurance via the GIC depending upon their retirement date.

2. A DESCRIPTION OF THE DENTAL INSURANCE PROGRAM:

- a. Plan Type: Comprehensive Dental Insurance
- b. Administrator: City of Everett
- c. Eligibility: Same as above
- d. Cost sharing: 100% Participant paid.

EXHIBIT AFinancial Statement Disclosure
(As of July 1, 2013)
(continued)**3. A DESCRIPTION OF THE RETIREE LIFE INSURANCE PROGRAM:**

- a. Plan Type: Group Term Life Insurance - \$5,000.
- b. Administrator: City of Everett
- c. Eligibility: Same as above
- d. Cost sharing: Retirees contribute 15% of premiums for Life Insurance. Retired Teachers shall pay 10% to 15% (retired teachers receiving coverage via the GIC shall pay 10% if retired prior to July 1, 1990) for Medical & Life Insurance via the GIC depending upon their retirement date.

EXHIBIT A

Financial Statement Disclosure
 (As of July 1, 2013)
 (continued)

4. RETIREE MEDICAL AND LIFE INSURANCE CONTRIBUTIONS:

Group	Individual	Family
Medical	15% of Premiums. Retired Teachers shall pay 10% to 15% (retired teachers receiving coverage via the GIC shall pay 10% if retired prior to July 1, 1990)	15% of Premiums. Retired Teachers shall pay 10% to 15% (retired teachers receiving coverage via the GIC shall pay 10% if retired prior to July 1, 1990)
Dental	100%	100%
Life	15% of Premiums. Retired Teachers shall pay 10% to 15% (retired teachers receiving coverage via the GIC shall pay 10% if retired prior to July 1, 1990)	N/A

5. FUNDING POLICY

The contribution requirements of plan members and the City are established and may be amended through City ordinances. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2014 fiscal year, total City premiums plus implicit costs for the retiree medical program are \$6,108,775. The City is also projected to make a contribution to an OPEB Trust of \$0 for the 2014 fiscal year for a total contribution of \$6,108,775 .

EXHIBIT A

Financial Statement Disclosure
 (As of July 1, 2013)
 (continued)

6. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The City’s annual other postemployment benefit (“OPEB”) cost (expense) is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the City’s annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the City’s net OPEB obligation to the plan:

Annual Required Contribution	\$14,986,568
Interest on net OPEB Obligation (Asset)	\$1,848,280
Adjustment to annual required contribution	(\$2,569,377)
Amortization of Actuarial (Gains) / Losses	\$2,257,494
Annual OPEB expense	\$16,522,965
Contributions made to pay benefits	\$6,108,775
Contributions made to OPEB Trust	\$0
Increase (Decrease) in net OPEB Obligation (Asset)	\$10,414,190
Net OPEB Obligation (Asset) – beginning of year	\$46,207,000
Net OPEB Obligation (Asset) – end of year	\$56,621,190

EXHIBIT A

Financial Statement Disclosure (As of July 1, 2013) (continued)

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2014 fiscal year and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Expected Employer Payments	Percentage of OPEB Cost Contributed	Increase (Decrease) in Net OPEB Obligation (Asset)	Net OPEB Obligation (Asset)
06/30/2016 (est.)	\$18,547,066	\$6,442,508	34.7%	\$12,104,558	\$80,032,196
06/30/2015 (est.)	\$17,546,555	\$6,240,107	35.6%	\$11,306,448	\$67,927,638
06/30/2014	\$16,522,965	\$6,108,775	37.0%	\$10,414,190	\$56,621,190
06/30/2013	\$15,552,000	\$6,350,287	40.8%	\$9,201,713	\$46,207,000
06/30/2012	\$14,285,000	\$5,969,268	41.8%	\$8,315,732	\$37,005,287
06/30/2011	\$12,622,307	\$6,341,138	50.2%	\$6,281,169	\$28,689,555

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/2015 (est.)	\$0	\$177,826,916	\$177,826,916	0.0%	\$64,229,967	276.9%
07/01/2014 (est.)	\$0	\$169,257,908	\$169,257,908	0.0%	\$62,359,191	271.4%
07/01/2013	\$0	\$161,490,260	\$161,490,260	0.0%	\$60,542,904	266.7%
07/01/2012	\$0	\$156,967,509	\$156,967,509	0.0%	\$34,230,319	458.6%
07/01/2011	\$0	\$150,920,638	\$150,920,638	0.0%	\$33,233,319	454.1%
07/01/2010	\$0	\$150,708,905	\$150,708,905	0.0%	N/A	N/A

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2013)
(continued)

Fiscal Year Ending June 30, 2014							
	City Employees and Retirees	Teacher Employees and Retirees	Non-Teacher School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Water Enterprise Employees and Retirees	Total
OPEB Obligation (Asset) at beginning of year	11,896,404	14,330,408	3,113,752	8,445,747	8,115,689	305,000	46,207,000
Annual Required Contribution	3,692,363	4,529,916	1,469,734	2,679,083	2,492,427	123,045	14,986,568
Interest on Net OPEB Obligation	475,856	573,217	124,550	337,830	324,627	12,200	1,848,280
Adjustment to the ARC	(661,509)	(796,855)	(173,142)	(469,633)	(451,279)	(16,959)	(2,569,377)
Amortization of Actuarial (Gains)/Losses	579,952	698,605	151,785	411,715	395,615	19,822	2,257,494
Annual OPEB Cost	4,086,662	5,004,883	1,572,927	2,958,995	2,761,390	138,108	16,522,965
Expected Employer Contribution	1,788,181	1,961,975	610,176	788,260	884,001	76,182	6,108,775
Contribution to Trust Fund over 30 Years	-	-	-	-	-	-	-
Total Expected Employer Payments	1,788,181	1,961,975	610,176	788,260	884,001	76,182	6,108,775
Increase (Decrease) in OPEB Obligation (Asset)	2,298,481	3,042,908	962,751	2,170,735	1,877,389	61,926	10,414,190
OPEB Obligation (Asset) at end of year	14,194,885	17,373,316	4,076,503	10,616,482	9,993,078	366,926	56,621,190
AAL as of July 1, 2013	41,486,932	49,974,830	10,857,999	29,452,114	28,300,408	1,417,977	161,490,260
Plan Assets as of July 1, 2013	-	-	-	-	-	-	-
Unfunded Actuarial Liability as of July 1, 2013	41,486,932	49,974,830	10,857,999	29,452,114	28,300,408	1,417,977	161,490,260

Fiscal Year Ending June 30, 2015							
	City Employees and Retirees	Teacher Employees and Retirees	Non-Teacher School Employees and Retirees	Police Employees and Retirees	Fire Employees and Retirees	Water Enterprise Employees and Retirees	Total
OPEB Obligation (Asset) at beginning of year	14,194,885	17,373,316	4,076,503	10,616,482	9,993,078	366,926	56,621,190
Annual Required Contribution	3,841,919	4,713,398	1,529,265	2,787,598	2,593,381	128,029	15,593,590
Interest on Net OPEB Obligation	583,105	702,409	152,621	413,971	397,792	14,950	2,264,848
Adjustment to the ARC	(810,603)	(976,452)	(212,165)	(575,480)	(552,989)	(20,781)	(3,148,470)
Amortization of Actuarial (Gains)/Losses	725,408	875,578	200,648	516,214	494,273	24,466	2,836,587
Annual OPEB Cost	4,339,829	5,314,933	1,670,369	3,142,303	2,932,457	146,664	17,546,555
Expected Employer Contribution	1,826,625	2,004,155	623,294	805,207	903,006	77,820	6,240,107
Contribution to Trust Fund over 30 Years	-	-	-	-	-	-	-
Total Expected Employer Payments	1,826,625	2,004,155	623,294	805,207	903,006	77,820	6,240,107
Increase (Decrease) in OPEB Obligation (Asset)	2,513,204	3,310,778	1,047,075	2,337,096	2,029,451	68,844	11,306,448
OPEB Obligation (Asset) at end of year	16,708,089	20,684,094	5,123,578	12,953,578	12,022,529	435,770	67,927,638
AAL as of July 1, 2014	43,482,445	52,378,609	11,380,266	30,868,755	29,661,652	1,486,181	169,257,908
Plan Assets as of July 1, 2014	-	-	-	-	-	-	-
Unfunded Actuarial Liability as of July 1, 2014	43,482,445	52,378,609	11,380,266	30,868,755	29,661,652	1,486,181	169,257,908

EXHIBIT A

Financial Statement Disclosure

(As of July 1, 2013)

(continued)

7. FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2013, the most recent valuation date, the plan was 0.00% funded. The actuarial liability for benefits was \$161,490,260, and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability (UAAL) of \$161,490,260. The covered payroll (annual payroll of active employees covered by the plan) was \$ 60,542,904 and the ratio of the UAAL to the covered payroll was 266.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

8. EFFECT OF 1% CHANGE IN HEALTHCARE TREND RATES

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Actuarial Accrued Liability would increase to \$194,798,249 or by 20.6% and the corresponding Normal Cost would increase to \$9,968,134 or by 35.4%. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Actuarial Accrued Liability would decrease to \$135,333,986 or by 16.2% and the corresponding Normal Cost would decrease to \$5,465,505 or by 25.8%.

EXHIBIT A

Financial Statement Disclosure
 (As of July 1, 2013)
 (continued)

9. ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Cost Method: Projected Unit Credit
 Investment Rate of Return: 4.00% per annum (previously 4.00%)
 Healthcare Trend Rates

<u>Year</u>	<u>Medical</u>	<u>Dental</u>
FY 2008	11.0%	8.0%
FY 2009	10.0%	7.5%
FY 2010	9.0%	7.0%
FY 2011	8.0%	6.5%
FY 2012	7.0%	6.0%
FY 2013	6.0%	5.5%
FY 2014	5.0%	5.0%
FY 2015 +	5.0%	5.0%

General Inflation Assumption: 2.50% per annum
 Annual Compensation Increases: 3.00% per annum
 Actuarial Value of Assets: Market Value
 Amortization of UAAL: Level dollar amortization over 30 years at the last valuation
 Remaining Amortization Period: 24 years at July 1, 2013

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2013)
(continued)

10. Remaining Amortization Bases

The initial Actuarial Accrued Liability as of the date GASB 45 was adopted is amortized as a component of the Annual Required Contribution (“ARC”). The Unfunded Actuarial Accrued Liability at transition was amortized over a 30 year period and a flat dollar amortization of the Unfunded Actuarial Accrued Liability at transition. For years subsequent to the initial adoption of GASB 45, cumulative gains/losses are amortized on a level dollar basis over a 30 year period. Gains and losses arise from experience and contribution deficiencies and excess contributions in relation to each year’s ARC under GASB 45.

Changes in Unfunded Actuarial Liability Since Prior Valuation
--

Expected Unfunded Actuarial Liability

1. Actuarial Accrued Liability at prior valuation date	150,920,638
2. Actuarial Value of Assets at prior valuation date	<u>0</u>
3. Unfunded Actuarial Accrued Liability at prior valuation date [1. - 2.]	150,920,638
4. Normal Cost for prior periods	11,955,354
5. Employer Contributions for prior periods	(12,319,555)
6. Interest to current valuation date	<u>12,806,055</u>
7. Expected Unfunded Actuarial Accrued Liability [3. + 4. + 5. + 6.]	163,362,492

Actual Unfunded Actuarial Liability

8. Actuarial Accrued Liability at current valuation date	161,490,260
9. Actuarial Value of Assets at current valuation date	<u>0</u>
10. Unfunded Actuarial Accrued Liability at current valuation date [8. - 9.]	161,490,260

Net Actuarial (Gain) / Loss from Plan Experience [10. - 7.] **(1,872,232)**

11. Unfunded Actuarial Accrued Liability at current valuation date [10.]	161,490,260
12. Remaining Initial Unfunded to be amortized	<u>120,892,117</u>
13. Actuarial (Gain) / Loss to be amortized: [11. - 12.]	40,598,143

EXHIBIT A

Financial Statement Disclosure
 (As of July 1, 2013)
 (continued)

Amortization of Initial Unfunded and Plan Experience under GASB 45						
Date Established	Description	Initial Amount	Initial Amortization Period	Remaining Balance at Valuation Date	Remaining Amortization Period	Annual Amortization Payment
July 1, 2007	GASB 45 Liability	137,107,329	30	120,892,117	24	7,623,972
July 1, 2013	Cumulative (Gain) / Loss	40,598,143	30	40,598,143	30	2,257,494
July 1, 2013	Adjustment to ARC	(46,207,000)	30	(46,207,000)	30	(2,569,380)
Total				115,283,260		7,312,086

11. Recognition of OPEB trust assets

The State of Massachusetts has recently passed legislation allowing municipal entities to establish a trust for Other Postemployment Benefits (“OPEB”) under M.G.L. Chapter 32B, Section 20 for purposes of accumulating assets to pre-fund the liabilities under GASB 45. To the best of our knowledge, City of Everett has not established an irrevocable trust for the purposes of prefunding liabilities under GASB 45.

EXHIBIT AFinancial Statement Disclosure

(As of July 1, 2013)

(continued)

12. Impact of Patient Protection and Affordable Care Act ("PPACA") Excise Tax

Under the Patient Protection and Affordable Care Act ("PPACA"), an excise tax will be imposed for tax years beginning after December 31, 2017 for high cost employer sponsored health coverage. The law specifies a 40% excise tax to be paid by the provider of such coverage of the excess value beyond a basic dollar amount plus an additional "kicker" for qualified retirees or those engaged in a high risk profession. The basic dollar amount for 2018 is \$10,200 for single coverage and \$27,500 for family coverage and the "kicker" amount for 2018 is \$1,650 for single coverage and \$3,450 for family coverage.

The excise tax liability will vary significantly over time as it is highly leveraged with the basic amount increased with general CPI and medical costs increasing with medical trend (generally higher). For purposes of the fiscal year ending June 30, 2014, the AAL for the excise tax is \$601,777 and the increase in annual OPEB Cost is \$38,303. As more regulatory guidance becomes available, the calculation of the excise tax liability will evolve.

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2013)
(continued)

13. Impact of Section 9A 1/2 of M.G.L. Chapter 32B

For employees who retire on or after January 1, 2011 whenever a retired employee or beneficiary receives a healthcare premium contribution from a governmental unit in a case where a portion of the retiree's creditable service is attributable to service in 1 or more other governmental units, the first governmental unit shall be reimbursed in full, in accordance with this paragraph, by the other governmental units for the portion of the premium contributions that corresponds to the percentage of the retiree's creditable service that is attributable to each governmental unit. The other governmental units shall be charged based on their own contribution rate or the contribution rate of the first employer, whichever is lower.

For purposes of the valuation we have not attempted to value the impact of prior governmental service at other entities in the State of Massachusetts for current employees of the City of Everett nor have we attempted to value the impact of prior City of Everett employees currently working at other governmental entities in the State of Massachusetts.

EXHIBIT B

Reconciliation of Plan Participation
 (As of July 1, 2013)

ACTIVE EMPLOYEES

	<u>July 1, 2013</u>	<u>July 1, 2011</u>
A. Average Age at Hire	34.65	35.25
B. Average Service	8.59	8.64
C. Average Current Age	43.24	43.89

RETIRED EMPLOYEES & DEPENDENTS

	<u>July 1, 2013</u>	<u>July 1, 2011</u>
I. Retirees		
A. Under Age 65	163	N/A
B. Age 65 & Over	<u>592</u>	<u>N/A</u>
C. Total Retirees	755	N/A
II. Dependents of Retirees		
A. Under Age 65	96	N/A
B. Age 65 & Over	<u>218</u>	<u>N/A</u>
C. Total Retirees	314	N/A
III. Retirees & Dependents		
A. Under Age 65	259	N/A
B. Age 65 & Over	<u>810</u>	<u>N/A</u>
C. Total Retirees	1,069	N/A

EXHIBIT C

Projected Cash Flows (Open Group) – pay-as-you-go Approach

Total Medical, Dental & Life Insurance - pay-as-you-go - 4.00% discount rate

Fiscal Year	I. Total Actuarial Accrued Liability ("AAL") as of July 1	II. Plan Assets as of July 1	III. Unfunded Accrued Actuarial Liability		IV. Normal Cost	V. Expected Amortization	VI. Interest on Net OPEB Obligation (Asset)	VII. Adjustment to ARC	VIII. Amortization of Actuarial (Gain) / Loss	IX. Expected Annual OPEB Expense [IV. + V. + VI. + VII. + VIII.]	X. OPEB Obligation (Asset) as of June 30	XI. Employer Share of Premiums / Claims	XII. Excess Employer Payments (beyond claims)
			["UAAL"] ["I. - II.]"	["I. - II.]"									
2014	161,490,260	0	161,490,260	7,362,596	7,623,972	1,848,280	(2,569,377)	2,257,494	16,522,965	46,207,000	56,621,190	6,108,775	0
2015	169,257,908	0	169,257,908	7,969,618	7,623,972	2,264,848	(3,148,470)	2,836,587	17,546,555	67,927,638	6,240,107	6,442,508	0
2016	177,826,916	0	177,826,916	8,517,872	7,623,972	2,717,105	(3,777,176)	3,465,293	18,547,066	80,032,196	6,666,862	6,936,008	0
2017	187,101,252	0	187,101,252	8,987,051	7,623,972	3,201,288	(4,450,260)	4,138,377	19,500,428	92,865,762	7,534,945	7,269,841	0
2018	196,999,388	0	196,999,388	9,477,950	7,623,972	3,714,630	(5,163,882)	4,851,999	20,504,669	106,434,423	8,263,718	8,691,684	0
2019	207,523,486	0	207,523,486	10,025,819	7,623,972	4,257,377	(5,918,378)	5,606,495	21,595,285	120,759,867	9,137,562	9,137,562	0
2020	218,692,262	0	218,692,262	10,631,240	7,623,972	4,830,395	(6,714,957)	6,403,074	22,773,724	135,998,646	10,962,405	11,703,422	0
2021	230,660,099	0	230,660,099	11,213,555	7,623,972	5,439,945	(7,562,322)	7,250,439	23,965,589	152,091,200	12,422,362	13,057,435	0
2022	243,364,515	0	243,364,515	11,849,207	7,623,972	6,083,647	(8,457,163)	8,145,280	25,244,943	169,072,425	13,911,966	14,626,655	0
2023	256,830,097	0	256,830,097	12,512,290	7,623,972	6,762,897	(9,401,418)	9,089,535	26,587,276	186,968,017	15,348,522	16,066,596	0
2024	271,076,733	0	271,076,733	13,142,045	7,623,972	7,478,721	(10,396,518)	10,084,635	27,932,855	205,763,310	16,805,642	17,648,629	0
2025	286,085,626	0	286,085,626	13,767,287	7,623,972	8,230,532	(11,441,647)	11,129,764	29,309,908	225,346,582	17,561,015	18,561,015	0
2026	301,731,645	0	301,731,645	14,436,592	7,623,972	9,013,863	(12,530,592)	12,218,709	30,762,544	245,696,303	18,458,821	19,450,061	0
2027	317,986,124	0	317,986,124	15,119,942	7,623,972	9,827,852	(13,662,155)	13,350,272	32,259,883	266,993,781	19,512,866	20,597,642	0
2028	335,029,880	0	335,029,880	15,867,534	7,623,972	10,679,752	(14,846,420)	14,534,537	33,859,375	289,149,734	20,597,642	21,710,693	0
2029	352,762,538	0	352,762,538	16,647,392	7,623,972	11,565,989	(16,078,421)	15,766,538	35,525,470	312,252,842	21,710,693	22,943,740	0
2030	371,267,072	0	371,267,072	17,435,370	7,623,972	12,490,113	(17,363,089)	17,051,206	37,237,572	336,432,979	22,943,740	24,357,039	0
2031	390,671,456	0	390,671,456	18,264,622	7,623,972	13,457,319	(18,707,646)	18,395,763	39,034,030	361,555,043	24,357,039	25,804,516	0
2032	410,825,206	0	410,825,206	19,169,711	7,623,972	14,462,202	(20,104,581)	19,792,698	40,944,002	387,872,390	25,804,516	27,283,714	0
2033	431,983,821	0	431,983,821	20,135,968	7,623,972	15,514,896	(21,567,979)	21,256,096	42,962,953	415,486,821	27,283,714	28,802,931	0
2034	454,242,453	0	454,242,453	21,123,261	7,623,972	16,619,472	(23,103,504)	22,791,621	45,054,822	444,475,047	28,802,931	30,771,327	0
2035	477,671,082	0	477,671,082	22,127,196	7,623,972	17,779,001	(24,715,419)	24,403,536	47,218,286	474,887,691	30,771,327	32,822,154	0
2036	502,312,341	0	502,312,341	23,196,782	7,623,972	18,995,508	(26,406,540)	26,094,657	49,504,379	506,743,441	32,822,154	34,991,955	0
2037	528,175,449	0	528,175,449	24,299,557	7,623,972	20,269,737	(28,177,907)	27,866,024	51,881,383	540,063,809	34,991,955	37,229,766	0
2038	555,271,559	0	555,271,559	25,474,684	0	21,602,553	(30,030,715)	29,718,832	46,765,354	567,379,102	37,229,766	39,549,955	0
2039	583,748,417	0	583,748,417	26,708,326	0	22,695,163	(31,549,605)	31,237,722	49,091,606	595,873,066	39,549,955	41,881,383	0
2040	613,454,385	0	613,454,385	27,989,827	0	23,834,922	(33,134,037)	32,822,154	51,512,866	625,675,239	41,881,383	44,229,766	0
2041	644,523,727	0	644,523,727	29,345,235	0	25,027,009	(34,791,213)	34,479,330	54,060,361	656,791,860	44,229,766	46,666,862	0
2042	676,963,511	0	676,963,511	30,782,714	0	26,271,675	(36,521,479)	36,209,596	56,742,506	689,177,327	46,666,862	49,137,562	0
2043	710,725,113	0	710,725,113	32,294,745	0	27,567,093	(38,322,301)	38,010,418	59,549,955	722,922,766	49,137,562	51,881,383	0
2044	745,904,309	0	745,904,309	33,902,146	0	28,916,911	(40,198,745)	40,198,745	62,819,057	758,458,109	51,881,383	54,512,866	0
2045	782,623,650	0	782,623,650	35,592,009	0	30,338,324	(42,174,718)	42,174,718	65,930,333	795,585,511	54,512,866	57,429,766	0

EXHIBIT D

Projected Cash Flows (Open Group) – Funded Approach

Total Medical, Dental & Life Insurance - Funding over 30 years at 7.00% discount rate increasing at 0.00% per year

Fiscal Year	I. Total Actuarial Accrued Liability ("AAL") as of July 1	II. Plan Assets as of July 1	III. Unfunded Accrued Actuarial Liability		IV. Normal Cost	V. Expected Amortization	VI. Interest on Net OPEB Obligation (Asset)	VII. Adjustment to ARC	VIII. Amortization of Actuarial (Gain) / Loss	IX. Expected Annual OPEB Expense [IV. + V. + VI. + VII. + VIII.]	X. OPEB Obligation (Asset) as of June 30	XI. Employer Share of Premiums / Claims	XII. Annual Funding / (Payments)
			["UAAL"] [I. - II.]	[I. - II.]									
2014	106,947,952	0	106,947,952	3,672,382	9,850,901	3,234,490	(3,480,052)	(1,050,196)	12,227,525	46,207,000	47,274,074	6,108,775	5,051,676
2015	111,424,772	5,051,676	106,373,096	3,988,693	9,850,901	3,309,185	(3,560,418)	(969,830)	12,620,111	48,602,402	6,240,107	5,051,676	5,051,676
2016	116,815,494	10,456,969	106,358,525	4,291,671	9,850,901	3,402,168	(3,660,460)	(869,788)	13,016,256	50,124,474	6,442,508	5,051,676	5,051,676
2017	122,693,406	16,240,633	106,452,773	4,540,548	9,850,901	3,508,713	(3,775,094)	(755,154)	13,371,856	51,777,792	6,666,862	5,051,676	5,051,676
2018	129,007,629	22,429,153	106,578,476	4,801,462	9,850,901	3,624,445	(3,899,613)	(630,635)	13,748,677	53,538,785	6,936,008	5,051,676	5,051,676
2019	135,754,577	29,050,870	106,703,707	5,101,378	9,850,901	3,747,715	(4,032,241)	(498,007)	14,172,037	55,389,305	7,269,841	5,051,676	5,051,676
2020	142,955,979	36,136,107	106,819,872	5,444,698	9,850,901	3,877,251	(4,171,611)	(358,637)	14,645,068	57,447,752	7,534,945	5,051,676	5,051,676
2021	150,746,623	43,717,310	107,029,313	5,771,875	9,850,901	4,021,342	(4,326,642)	(203,606)	15,116,515	59,639,556	7,873,035	5,051,676	5,051,676
2022	159,080,496	51,829,198	107,251,298	6,135,237	9,850,901	4,174,769	(4,491,717)	(38,531)	15,633,491	61,957,653	8,263,718	5,051,676	5,051,676
2023	167,973,319	60,508,918	107,464,401	6,516,012	9,850,901	4,337,036	(4,666,303)	136,055	16,176,731	64,391,024	8,691,684	5,051,676	5,051,676
2024	177,441,720	69,796,218	107,645,502	6,871,756	9,850,901	4,507,371	(4,849,570)	319,322	16,703,022	66,904,808	9,137,562	5,051,676	5,051,676
2025	187,483,204	79,733,629	107,749,575	7,214,798	9,850,901	4,683,336	(5,038,895)	508,647	17,222,256	69,348,752	9,726,636	5,051,676	5,051,676
2026	197,966,008	90,366,659	107,599,349	7,581,843	9,850,901	4,854,412	(5,222,959)	692,711	17,760,620	71,644,873	10,412,823	5,051,676	5,051,676
2027	208,844,782	101,744,001	107,100,781	7,953,276	9,850,901	5,015,141	(5,395,890)	865,642	18,293,042	73,923,834	10,962,405	5,051,676	5,051,676
2028	220,301,260	113,917,757	106,383,503	8,363,628	9,850,901	5,174,668	(5,567,528)	1,037,280	18,863,199	76,031,935	11,703,422	5,051,676	5,051,676
2029	232,212,116	126,943,676	105,268,440	8,793,187	9,850,901	5,322,235	(5,726,299)	1,196,051	19,440,622	77,998,519	12,422,362	5,051,676	5,051,676
2030	244,650,793	140,881,409	103,769,384	9,220,215	9,850,901	5,459,896	(5,874,411)	1,344,163	20,005,629	79,895,037	13,057,435	5,051,676	5,051,676
2031	257,743,009	155,794,784	101,948,225	9,669,000	9,850,901	5,592,652	(6,017,246)	1,486,998	20,587,511	81,518,906	13,911,966	5,051,676	5,051,676
2032	271,319,029	171,752,095	99,566,934	10,163,640	9,850,901	5,706,323	(6,139,547)	1,609,299	21,196,185	83,036,760	14,626,655	5,051,676	5,051,676
2033	285,607,612	188,826,418	96,781,194	10,695,694	9,850,901	5,812,573	(6,253,863)	1,723,615	21,834,875	84,471,437	15,348,522	5,051,676	5,051,676
2034	300,689,578	207,095,943	93,593,635	11,236,949	9,850,901	5,913,000	(6,361,915)	1,831,667	22,476,957	85,830,122	16,066,596	5,051,676	5,051,676
2035	316,638,144	226,644,335	89,993,809	11,780,751	9,850,901	6,008,108	(6,464,243)	1,933,995	23,116,282	87,089,086	16,805,642	5,051,676	5,051,676
2036	333,484,244	247,561,114	85,923,130	12,359,065	9,850,901	6,096,236	(6,559,061)	2,028,813	23,783,148	88,171,929	17,648,629	5,051,676	5,051,676
2037	351,213,710	269,942,068	81,271,642	12,951,867	9,850,901	6,172,035	(6,640,615)	2,110,367	24,452,172	89,011,410	18,561,015	5,051,676	5,051,676
2038	369,838,839	293,889,689	75,949,150	13,583,522	0	6,230,798	(6,703,840)	2,173,592	15,292,085	79,801,758	19,450,061	5,051,676	5,051,676
2039	389,488,282	319,513,643	69,974,639	14,246,374	0	5,586,123	(6,010,221)	1,479,973	15,310,636	69,463,076	20,597,642	5,051,676	5,051,676
2040	409,991,387	346,931,274	63,060,113	14,929,300	0	4,862,415	(5,231,569)	701,321	15,270,186	57,970,893	21,710,693	5,051,676	5,051,676
2041	431,465,756	376,268,139	55,197,617	15,649,564	0	4,057,962	(4,366,042)	(164,206)	15,186,263	45,161,740	22,943,740	5,051,676	5,051,676
2042	453,891,411	407,658,585	46,232,826	16,411,163	0	3,161,322	(3,401,329)	(1,128,919)	15,051,413	30,804,438	24,357,039	5,051,676	5,051,676
2043	477,185,254	441,246,362	35,938,892	17,210,614	0	2,156,310	(2,320,017)	(2,210,231)	14,845,965	14,794,211	25,804,516	5,051,676	5,051,676
2044	501,412,470	477,185,283	24,227,187	18,059,951	0	1,035,595	(1,114,216)	1,114,216	19,104,874	1,563,695	27,283,714	5,051,676	5,051,676
2045	526,658,138	515,639,929	11,018,209	18,951,328	0	109,458	(117,768)	117,768	19,069,994	(13,220,918)	28,802,931	5,051,676	5,051,676

EXHIBIT D

Projected Cash Flows (Open Group) – Funded Approach

Total Medical, Dental & Life Insurance - Funding over 30 years at 7.00% discount rate and increasing at 2.50% per year

Fiscal Year	I. Total Actuarial Accrued Liability ("AAL") as of July 1	II. Plan Assets as of July 1	III. Unfunded Accrued Actuarial Liability		IV. Normal Cost	V. Expected Amortization	VI. Interest on Net OPEB Obligation (Asset)	VII. Adjustment to ARC	VIII. Amortization of Actuarial (Gain) / Loss	IX. Expected Annual OPEB Expense [IV. + V. + VI. + VII. + VIII.]	X. OPEB Obligation (Asset) as of June 30	XI. Employer Share of Premiums / Claims	XII. Annual Funding / (Payments)
			["AAAL"]	["UAAL"] II.]									
2014	106,947,952	0	106,947,952	3,672,382	9,850,901	3,234,490	(3,480,052)	(1,050,196)	12,227,525	46,207,000	48,431,905	6,108,775	3,893,845
2015	111,424,772	3,893,845	107,530,927	3,988,693	9,850,901	3,309,185	(3,560,418)	(969,830)	12,620,111	50,820,718	50,820,718	6,240,107	3,991,191
2016	116,815,494	8,157,605	108,657,889	4,291,671	9,850,901	3,402,168	(3,660,460)	(869,788)	13,016,256	53,303,495	53,303,495	6,442,508	4,090,971
2017	122,693,406	12,819,608	109,873,798	4,540,548	9,850,901	3,508,713	(3,775,094)	(755,154)	13,371,856	55,815,244	55,815,244	6,666,862	4,193,245
2018	129,007,629	17,910,226	111,097,403	4,801,462	9,850,901	3,624,445	(3,899,613)	(630,635)	13,748,677	58,329,837	58,329,837	6,936,008	4,298,076
2019	135,754,577	23,462,018	112,292,559	5,101,378	9,850,901	3,747,715	(4,032,241)	(498,007)	14,172,037	60,826,505	60,826,505	7,269,841	4,405,528
2020	142,955,979	29,509,887	113,446,092	5,444,698	9,850,901	3,877,251	(4,171,611)	(358,637)	14,645,068	63,420,962	63,420,962	7,534,945	4,515,666
2021	150,746,623	36,091,245	114,655,378	5,771,875	9,850,901	4,021,342	(4,326,642)	(203,606)	15,116,515	66,035,884	66,035,884	7,873,035	4,628,558
2022	159,080,496	43,246,190	115,834,306	6,135,237	9,850,901	4,174,769	(4,491,717)	(38,531)	15,633,491	68,661,385	68,661,385	8,263,718	4,744,272
2023	167,973,319	51,017,695	116,955,624	6,516,012	9,850,901	4,337,036	(4,666,303)	136,055	16,176,731	71,283,553	71,283,553	8,691,684	4,862,879
2024	177,441,720	59,451,813	117,989,907	6,871,756	9,850,901	4,507,371	(4,849,570)	319,322	16,703,022	73,864,562	73,864,562	9,137,562	4,984,451
2025	187,483,204	68,597,891	118,885,313	7,214,798	9,850,901	4,683,336	(5,038,895)	508,647	17,222,256	76,251,120	76,251,120	9,726,636	5,109,062
2026	197,966,008	78,508,805	119,457,203	7,581,843	9,850,901	4,854,412	(5,222,959)	692,711	17,760,620	78,362,128	78,362,128	10,412,823	5,236,789
2027	208,844,782	89,241,210	119,603,572	7,953,276	9,850,901	5,015,141	(5,395,890)	865,642	18,293,042	80,325,056	80,325,056	10,962,405	5,367,709
2028	220,301,260	100,855,804	119,445,456	8,363,628	9,850,901	5,174,668	(5,567,528)	1,037,280	18,863,199	81,982,931	81,982,931	11,703,422	5,501,902
2029	232,212,116	113,417,612	118,794,504	8,793,187	9,850,901	5,322,235	(5,726,299)	1,196,051	19,440,622	83,361,741	83,361,741	12,422,362	5,639,450
2030	244,650,793	126,996,295	117,654,498	9,220,215	9,850,901	5,459,896	(5,874,411)	1,344,163	20,005,629	84,529,499	84,529,499	13,057,435	5,780,436
2031	257,743,009	141,666,472	116,076,537	9,669,000	9,850,901	5,592,652	(6,017,246)	1,486,998	20,587,511	85,280,097	85,280,097	13,911,966	5,924,947
2032	271,319,029	157,508,072	113,810,957	10,163,640	9,850,901	5,706,323	(6,139,547)	1,609,299	21,196,185	85,776,556	85,776,556	14,626,655	6,073,071
2033	285,607,612	174,606,708	111,000,904	10,695,694	9,850,901	5,812,573	(6,253,863)	1,723,615	21,834,875	86,038,011	86,038,011	15,348,522	6,224,898
2034	300,689,578	193,054,076	107,635,502	11,236,949	9,850,901	5,913,000	(6,361,915)	1,831,667	22,476,957	86,067,852	86,067,852	16,066,596	6,380,520
2035	316,638,144	212,948,381	103,689,763	11,780,751	9,850,901	6,008,108	(6,464,243)	1,933,995	23,116,282	85,838,459	85,838,459	16,805,642	6,540,033
2036	333,484,244	234,394,801	99,089,443	12,359,065	9,850,901	6,096,236	(6,559,061)	2,028,813	23,783,148	85,269,444	85,269,444	17,648,629	6,703,534
2037	351,213,710	257,505,971	93,707,739	12,951,867	9,850,901	6,172,035	(6,640,615)	2,110,367	24,452,172	84,289,479	84,289,479	18,561,015	6,871,122
2038	369,838,839	282,402,511	87,436,328	13,583,522	0	6,230,798	(6,703,840)	2,173,592	15,292,085	73,088,603	73,088,603	19,450,061	7,042,900
2039	389,488,282	309,213,587	80,274,695	14,246,374	0	5,586,123	(6,010,221)	1,479,973	15,310,636	60,582,624	60,582,624	20,597,642	7,218,973
2040	409,991,387	338,077,511	71,913,876	14,929,300	0	4,862,415	(5,231,569)	701,321	15,270,186	46,742,670	46,742,670	21,710,693	7,399,447
2041	431,465,756	369,142,384	62,323,372	15,649,564	0	4,057,962	(4,366,042)	(164,206)	15,186,263	31,400,760	31,400,760	22,943,740	7,584,433
2042	453,891,411	402,566,784	51,324,627	16,411,163	0	3,161,322	(3,401,329)	(1,128,919)	15,051,413	14,321,090	14,321,090	24,357,039	7,774,044
2043	477,185,254	438,520,503	38,664,751	17,210,614	0	2,156,310	(2,320,017)	(2,210,231)	14,845,965	(4,605,856)	(4,605,856)	25,804,516	7,968,395
2044	501,412,470	477,185,333	24,227,137	18,059,951	0	1,035,595	(1,114,216)	1,114,216	19,104,874	(20,952,301)	(20,952,301)	27,283,714	8,167,605

EXHIBIT D

Projected Cash Flows (Open Group) – Funded Approach

Total Medical, Dental & Life Insurance - Funding Annual Normal Cost - 4.00% discount rate

Fiscal Year	I. Total Actuarial Accrued Liability ("AAL")	II. Normal Cost	III. Employer Share of Premiums / Claims including "implicit cost"	IV. Funding Normal Cost beyond claims	V. Total Funding Costs [III. + IV.]	VI. Present Value at 4.00% of Employer Share of Premiums / Claims including "implicit cost"	VII. Present Value at 4.00% of Funding Normal Cost beyond claims	VIII. Present Value at 4.00% of Total Funding Costs [VI. + VII.]	IX. Plan Assets at Beginning of year	X. Unfunded Accrued Liability ("UAAL") [I. - IX.]	XI. Present Value at 4.00% of Unfunded Accrued Liability ("UAAL")
2014	161,490,260	7,362,596	6,108,775	1,253,821	7,362,596	6,108,775	1,253,821	7,362,596	0	161,490,260	161,490,260
2015	169,257,908	7,969,618	6,240,107	1,729,511	7,969,618	6,000,103	1,662,991	7,663,094	1,253,821	168,004,087	161,542,391
2016	177,826,916	8,517,872	6,442,508	2,075,364	8,517,872	5,956,461	1,918,791	7,875,252	3,033,485	174,793,431	161,606,353
2017	187,101,252	8,987,051	6,666,862	2,320,189	8,987,051	5,926,816	2,062,640	7,989,456	5,230,188	181,871,064	161,682,714
2018	196,999,388	9,477,950	6,936,008	2,541,942	9,477,950	5,928,929	2,172,863	8,101,792	7,759,585	189,239,803	161,762,977
2019	207,523,486	10,025,819	7,269,841	2,755,978	10,025,819	5,975,279	2,265,213	8,240,492	10,611,910	196,911,576	161,846,962
2020	218,692,262	10,631,240	7,534,945	3,096,295	10,631,240	5,954,976	2,447,047	8,402,023	13,792,364	204,899,898	161,935,366
2021	230,660,099	11,213,555	7,873,035	3,340,520	11,213,555	5,982,860	2,538,521	8,521,381	17,440,354	213,219,745	162,029,482
2022	243,364,515	11,849,207	8,263,718	3,585,489	11,849,207	6,038,218	2,619,882	8,658,100	21,478,488	221,886,027	162,129,947
2023	256,830,097	12,512,290	8,691,684	3,820,606	12,512,290	6,106,662	2,684,307	8,790,969	25,923,117	230,906,980	162,232,181
2024	271,076,733	13,142,045	9,137,562	4,004,483	13,142,045	6,173,009	2,705,285	8,878,294	30,780,648	240,296,085	162,335,425
2025	286,085,626	13,767,287	9,726,636	4,040,651	13,767,287	6,318,237	2,624,730	8,942,967	36,016,357	250,069,269	162,440,229
2026	301,731,645	14,436,592	10,412,823	4,023,769	14,436,592	6,503,819	2,513,234	9,017,053	41,497,662	260,233,983	162,541,378
2027	317,986,124	15,119,942	10,962,405	4,157,537	15,119,942	6,583,736	2,496,909	9,080,645	47,181,337	270,804,787	162,638,337
2028	335,029,880	15,867,534	11,703,422	4,164,112	15,867,534	6,758,435	2,404,671	9,163,106	53,226,127	281,803,753	162,734,646
2029	352,762,538	16,647,392	12,422,362	4,225,030	16,647,392	6,897,697	2,346,009	9,243,706	59,519,284	293,243,254	162,827,570
2030	371,267,072	17,435,370	13,057,435	4,377,935	17,435,370	6,971,471	2,337,415	9,308,886	66,125,085	305,141,987	162,917,802
2031	390,671,456	18,264,622	13,911,966	4,352,656	18,264,622	7,142,031	2,234,537	9,376,568	73,148,023	317,523,433	163,008,035
2032	410,825,206	19,169,711	14,626,655	4,543,056	19,169,711	7,220,128	2,242,580	9,462,708	80,426,600	330,398,606	163,094,043
2033	431,983,821	20,135,968	15,348,522	4,787,446	20,135,968	7,285,060	2,272,325	9,557,385	88,186,720	343,797,101	163,180,689
2034	454,242,453	21,123,261	16,066,596	5,056,665	21,123,261	7,332,585	2,307,796	9,640,381	96,501,635	357,740,818	163,268,239
2035	477,671,082	22,127,196	16,805,642	5,321,554	22,127,196	7,374,880	2,335,277	9,710,157	105,418,365	372,252,717	163,357,001
2036	502,312,341	23,196,782	17,648,629	5,548,153	23,196,782	7,446,934	2,341,073	9,788,007	114,956,654	387,355,687	163,446,819
2037	528,175,449	24,299,557	18,561,015	5,738,542	24,299,557	7,530,693	2,328,278	9,858,971	125,103,073	403,072,376	163,537,077
2038	555,271,559	25,474,684	19,450,061	6,024,623	25,474,684	7,587,886	2,350,335	9,938,221	135,845,738	419,425,821	163,627,020
2039	583,748,417	26,708,326	20,597,642	6,110,684	26,708,326	7,726,522	2,292,220	10,018,742	147,304,191	436,444,226	163,717,562
2040	613,454,385	27,989,827	21,710,693	6,279,134	27,989,827	7,830,813	2,264,816	10,095,629	159,307,043	454,147,342	163,806,056
2041	644,523,727	29,345,235	22,943,740	6,401,495	29,345,235	7,957,269	2,220,145	10,177,414	171,958,459	472,565,268	163,893,465
2042	676,963,511	30,782,714	24,357,039	6,425,675	30,782,714	8,122,524	2,142,818	10,265,342	185,238,292	491,725,219	163,979,283
2043	710,725,113	32,294,745	25,804,516	6,490,229	32,294,745	8,274,255	2,081,101	10,355,356	199,073,499	511,651,614	164,061,814
2044	745,904,309	33,902,146	27,283,714	6,618,422	33,902,146	8,412,078	2,040,586	10,452,664	213,526,668	532,377,641	164,141,965

EXHIBIT D

Projected Cash Flows (Open Group) – Pay-As-You-Go Approach

Total Medical, Dental & Life Insurance - pay-as-you-go

Fiscal Year	Number of Retirees, Spouses & Surviving Spouses	Total Actuarial Accrued Liability ("AAL")	Present Value at 4.00% of Total Actuarial Accrued Liability ("AAL")	Employer Share of Premiums / Claims including "implicit cost"	Present Value at 4.00% of Employer Share of Premiums / Claims including "implicit cost"
2014	1,069	161,490,260	161,490,260	6,108,775	6,108,775
2015	1,098	169,257,908	162,747,988	6,240,107	6,000,103
2016	1,093	177,826,916	164,410,980	6,442,508	5,956,461
2017	1,086	187,101,252	166,332,332	6,666,862	5,926,816
2018	1,090	196,999,388	168,395,902	6,936,008	5,928,929
2019	1,094	207,523,486	170,569,178	7,269,841	5,975,279
2020	1,095	218,692,262	172,835,671	7,534,945	5,954,976
2021	1,091	230,660,099	175,282,718	7,873,035	5,982,860
2022	1,095	243,364,515	177,824,067	8,263,718	6,038,218
2023	1,096	256,830,097	180,445,419	8,691,684	6,106,662
2024	1,096	271,076,733	183,129,728	9,137,562	6,173,009
2025	1,102	286,085,626	185,835,767	9,726,636	6,318,237
2026	1,112	301,731,645	188,460,695	10,412,823	6,503,819
2027	1,121	317,986,124	190,974,226	10,962,405	6,583,736
2028	1,132	335,029,880	193,471,408	11,703,422	6,758,435
2029	1,141	352,762,538	195,876,515	12,422,362	6,897,697
2030	1,150	371,267,072	198,222,525	13,057,435	6,971,471
2031	1,162	390,671,456	200,560,273	13,911,966	7,142,031
2032	1,175	410,825,206	202,794,875	14,626,655	7,220,128
2033	1,186	431,983,821	205,037,848	15,348,522	7,285,060
2034	1,196	454,242,453	207,310,326	16,066,596	7,332,585
2035	1,208	477,671,082	209,618,122	16,805,642	7,374,880
2036	1,220	502,312,341	211,953,398	17,648,629	7,446,934
2037	1,232	528,175,449	214,294,688	18,561,015	7,530,693
2038	1,245	555,271,559	216,623,359	19,450,061	7,587,886
2039	1,258	583,748,417	218,973,840	20,597,642	7,726,522
2040	1,271	613,454,385	221,266,392	21,710,693	7,830,813
2041	1,284	644,523,727	223,531,508	22,943,740	7,957,269
2042	1,299	676,963,511	225,752,080	24,357,039	8,122,524
2043	1,312	710,725,113	227,895,013	25,804,516	8,274,255
2044	1,324	745,904,309	229,976,223	27,283,714	8,412,078
2045	1,337	782,623,650	232,016,809	28,802,931	8,538,924
2046	1,351	820,989,770	234,029,653	30,564,456	8,712,641
2047	1,363	860,934,117	235,977,025	32,249,634	8,839,437
2048	1,376	902,672,631	237,901,258	33,905,459	8,935,855
2049	1,387	946,441,383	239,842,889	35,885,522	9,093,946
2050	1,398	992,097,167	241,743,049	37,609,369	9,164,227
2051	1,407	1,040,120,405	243,696,932	39,528,018	9,261,290
2052	1,415	1,090,526,489	245,679,730	41,542,442	9,358,907
2053	1,422	1,143,437,552	247,692,136	43,609,310	9,446,675

EXHIBIT E

GLOSSARY

AAI – Actuarial Accrued Liability. That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.

Accrual Accounting - A system of accounting in which revenues are recorded when earned and outlays are recorded when goods are received or services performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time.

Actuarial Value of Assets – The value of cash, investments, other assets and property belonging to an OPEB trust, pension fund or similar entity, as used by the actuary for the purpose of actuarial valuation. Some funds may be restricted for other purposes, and “smoothing” of investment gains and losses often make the actuarial value of assets different from the market value of assets.

Annual Required Contribution – Normal Cost plus an amortization of the funding shortfall over a period of no more than 30 years.

Cash Basis Accounting - A system of accounting in which revenues are recorded when actually received and outlays are recorded when payment is made.

Discount Rate – The interest rate used to calculate present value of a series of future cash flows. Under GASB 45, the rate should be “long term expected yield on the investments that are expected to be used to pay benefits as they come due. These would be plan investments for a funded plan, the employer’s investments for a pay as you go plan [e.g. short term county investment pool], or a weighted average of expected plan and employer investments for a plan that is partially funded”.

FASB – Financial Accounting Standards Board. “Since 1973, the Financial Accounting Standards Board (FASB) has been the designated organization in the private sector for establishing standards of financial accounting and reporting”.

GASB - Government Accounting Standards Board. “The Governmental Accounting Standards Board (GASB) was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities.”

EXHIBIT E

GLOSSARY

(continued)

GFOA – Government Finance Officers Association. “GFOA is the professional association of state/provincial and local finance officers in the United States and Canada, and has served the public finance profession since 1906. Approximately 16,000 GFOA members are dedicated to the sound management of government financial resources.”

Implicit Subsidy – “The difference between a premium rate charged to retirees for a particular benefit and the estimated rate that would have been applicable to those retirees if that benefit was acquired for them as a separate group.”

Irrevocable Contribution – “Irrevocably transferred assets to a qualifying trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator. The preceding criteria preclude counting as [irrevocable] contributions (a) designations of net assets of a governmental or proprietary fund to be used for OPEB or (b) internal transfers of assets to a separate governmental or proprietary fund for the same purpose. Rather, such actions should be regarded as earmarking of employer assets.”

Level Dollar Amortization – Funding a shortfall in OPEB assets with equal dollar payments over a designated number of years (no more than 30 years). The present value of the level payments equals the present value of unfunded liabilities, the UAAL.

Level Percent of Payroll Amortization – Funding a shortfall in OPEB assets as a level percent of payroll over a designated number of years (no more than 30 years). The present value of the payments equals the present value of unfunded liabilities, the UAAL. Level percent of payroll typically has lower payments in the early years than level dollar amortization. When using level payroll amortization, employee count is assumed to be constant, and the payroll differences arise from overall wage trends.

EXHIBIT E**GLOSSARY***(continued)*

Normal Cost - The actuarially determined present value contribution needed to fund benefits which are earned for employee service rendered during the current year. Normal cost depends on many factors, including the interest rate used to discount future cashflows, and expected inflation.

NOA - Net OPEB Asset. The amount recognized by an employer for contributions to an OPEB plan greater than OPEB expenses.

NOO - Net OPEB Obligation. The cumulative difference since the effective date of GASB Statement number 45 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.

OPEB - Other Post Employment Benefits

OPEB Trust - An entity other than a pension or retirement system which manages OPEB assets. In many respects it is similar to a pension fund for OPEB. For reasons detailed in GASB 45, contributions to an OPEB trust should be irrevocable in order to obtain the most favorable accounting treatment.

Pay-as-you-go funding - Paying benefits (such as pensions or OPEB) on a cash basis, with no money set aside for future liabilities which are already incurred.

POB - Pension Obligation Bond. Generally yielding taxable interest, POBs are issued to help fund a previously unfunded or underfunded pension liability.

UAAL - Unfunded Accrued Actuarial Liability. Actuarial Accrued Liability minus the Actuarial Value of Assets.