



CONSULTING GROUP



A POSTRETIREMENT WELFARE BENEFIT

GASB 45 ACTUARIAL VALUATION

For:

Town of Ulster

As of:

January 1, 2015

Prepared by:

USI Consulting Group



USI Consulting Group
95 Glastonbury Blvd, Suite 102
Glastonbury, CT 06033
www.usi.biz
Phone: 860.633.5283
Fax: 860.368.2112

June 11, 2015

Town of Ulster
1 Town Hall Drive
Lake Katrine, NY 12449

RE: January 1, 2015 Actuarial Valuation of Postretirement Welfare Benefits

We enclose the report covering the actuarial valuation of the postretirement medical insurance plan for the employees of the Town of Ulster as of January 1, 2015. The numbers presented in this report reflect the adoption, by the Town of Ulster, of the Statement of Governmental Accounting Standard No. 45 (GASB 45).

The financial results of the actuarial valuation are summarized in the report. The Executive Summary highlights the results of the valuation, including the calculation of the Annual OPEB Cost (expense) for the fiscal year beginning January 1, 2015, which is based on a one year amortization of the UAAL as of January 1, 2015.

Additional information summarizing census information, actuarial assumptions, and the methodology for developing them, as well as a glossary of selected terms used in this study, are also included in the report.

All calculations are made in accordance with our understanding of the provisions of the Statement of Governmental Accounting Standards Board Number 45 (GASB 45). We believe this report provides all of the information your auditor requires. We would appreciate a copy of the footnote to your financial statement related to the postretirement benefits.
Respectfully submitted,

USI Consulting Group

A handwritten signature in blue ink that reads "Robert W. Webb".

Robert W. Webb, FSA, EA, MAAA
Vice President and Actuary

USI Consulting Group

A handwritten signature in blue ink that reads "Denise Reed".

Denise Reed
Actuarial Consultant

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Section I

Executive Summary

The section presents the results of the January 1, 2015 valuation. The first section provides a brief summary of the valuation results. The Executive Summary Detail provides a more detailed development of the expenses and liabilities. Items I through V show the development of the Annual Required Contribution (ARC). Items VI through IX show the calculation of the Annual OPEB Cost.

EXECUTIVE SUMMARY

Introduction

This report details the development of the Annual OPEB Cost for the Fiscal Year ending December 31, 2015. Estimated December 31, 2015, December 31, 2016 and December 31, 2017 disclosures are included in Section III.

The liabilities developed in this report are only valid for purposes of meeting employer accounting requirements as required by Statement of Governmental Accounting Standards Number 45 (GASB 45). Liabilities developed for other purposes could be significantly different than those shown in this report.

Summary of Results

The Actuarial Accrued Liability and Normal Cost are calculated as of the valuation date. The Annual OPEB Cost and Expected Benefit Payments are for the year beginning on the valuation date. Additional detail is developed in the exhibits included in this actuarial valuation report.

Fiscal Year Ending December 31, 2015

<i>Beginning of Year Net OPEB Obligation (NOO)</i>	\$25,131,675
<i>Present Value of Future Benefit Payments</i>	\$36,641,561
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	\$24,371,557
<i>Annual Required Contribution (1 year amortization)</i>	\$26,291,722
<i>Annual OPEB Cost</i>	\$1,160,167
<i>Expected Benefit Payment</i>	\$614,992

Fiscal Year Ending December 31, 2016

<i>Beginning of Year Net OPEB Obligation (NOO)</i>	\$25,676,850
<i>Present Value of Future Benefit Payments</i>	\$38,143,956
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	\$25,676,850
<i>Annual Required Contribution (1 year amortization)</i>	\$27,672,093
<i>Annual OPEB Cost</i>	\$1,995,374
<i>Expected Benefit Payment</i>	\$668,593

Fiscal Year Ending December 31, 2017

<i>Beginning of Year Net OPEB Obligation (NOO)</i>	\$27,003,631
<i>Present Value of Future Benefit Payments</i>	\$39,974,509
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	\$27,003,631
<i>Annual Required Contribution (1 year amortization)</i>	\$29,075,221
<i>Annual OPEB Cost</i>	\$2,071,734
<i>Expected Benefit Payment</i>	\$731,734

EXECUTIVE SUMMARY (cont.)

Economic Assumptions

The employer, with the approval of the auditor, is responsible for selecting the economic assumptions as of the disclosure date. The following table details the selected economic assumptions for the current fiscal year:

<u>Assumption Selection Date</u>	<u>January 1, 2015</u>
<i>Funding Interest Rate*</i>	4.00%
<i>2015 Medical Trend Rates</i>	9.00%
<i>Ultimate Medical Trend Rates</i>	5.00%
<i>Year Ultimate Trend Rates Reached</i>	2019
<i>Annual Payroll Increase</i>	2.50%

* Reflects current funding policy (assumes no funding).

Changes From Prior Valuation

The health care cost trend rate was reset at 9.0% in 2015, grading down to an ultimate trend rate of 5.0% for years 2019 and later. This report reflects the plan eligibility changes. The impact on plan liabilities is shown in Appendix II.

Experience Gains and Losses

The plan had an accumulated experience gain over the past three years, primarily due to health care increasing less than assumed. The impact of the gain on the actuarial accrued liability is provided in Appendix II.

Accounting for Postretirement Benefits

Government Accounting Standard No. 45 (GAS 45) addresses the accounting and financial reporting requirements by Employers for Postemployment Benefits Other than Pensions (OPEB). Employers that are required to follow Government Accounting Standards are subject to this standard. The statement does not require that the benefits be pre-funded, however, it defines a financial framework for assessing the costs, design, and sustainability of OPEBs offered by employers.

This report presents the annual expense required to be recognized by the plan sponsor for purposes of complying with the accounting requirements of Governmental Accounting Standards Board Statement No. 45. This report also provides the information needed to prepare the footnote in your financial statements related to your postretirement benefit plans.

The Annual Required Contribution (ARC) and Annual OPEB Cost are developed in the Executive Summary Detail included in this section. Section III presents the disclosure information, including the development of the Net OPEB obligation based on expected contributions / benefits to be paid during the fiscal year.

EXECUTIVE SUMMARY (cont.)

Actuarial Certification

The financial results of the actuarial valuation are summarized in this report. The valuation has been prepared as of January 1, 2015. The detail charts included in this Executive Summary highlight the results of the valuation. Additional information summarizing the census, actuarial assumptions, plan provisions, and a glossary of selected terms used in this study are also included in this report.

The valuation is based on the May 1, 2015 census data and January 1, 2015 plan information as provided by the employer. We have reviewed both the census and financial data for reasonableness, but have not completed an independent audit of the information.

All costs, liabilities, and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. The calculations are consistent and undertaken with our understanding of Statement of Governmental Accounting Standards Number 45 (GAS 45). In our opinion, the actuarial assumptions are reasonable, taking in account the experience of the plan and reasonable expectations and, individually represent our best estimate of the anticipated experience under the plan.

I have no relationship with the employer or the plan that would objectively impair, or appear to impair, my ability to perform the work detailed in this report.

I certify that I am a member of the American Academy of Actuaries and meet its Qualification Standards to provide an actuarial opinion in accordance with GASB 45.



Robert W. Webb, FSA, EA, MAAA
Vice President and Actuary



Adeniyi Olaiya, ASA, MAAA
Associate Vice President and Actuary

EXECUTIVE SUMMARY DETAIL
GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST
AS OF JANUARY 1, 2015 BY BENEFIT

	<u>Medical</u>	<u>Dental & Vision</u>	<u>Total</u>
I. Present value of Future benefits			
A. Retirees/Disableds	\$11,304,161	\$886,230	\$12,190,391
B. Active Employees	<u>\$22,764,993</u>	<u>\$1,686,177</u>	<u>\$24,451,170</u>
C. Total	\$34,069,154	\$2,572,407	\$36,641,561
II. Actuarial Accrued Liability			
A. Retirees/Disableds	\$11,304,161	\$886,230	\$12,190,391
B. Active Employees	<u>\$11,325,772</u>	<u>\$855,394</u>	<u>\$12,181,166</u>
C. Total	\$22,629,933	\$1,741,624	\$24,371,557
III. Actuarial Assets	\$0	\$0	\$0
IV. Unfunded Actuarial Accrued Liability (UAAL)	\$22,629,933	\$1,741,624	\$24,371,557
V. Annual Required Contribution (ARC)			
A. Normal Cost	\$856,910	\$63,861	\$920,771
B. Supplemental Cost	\$22,629,933	\$1,741,624	\$24,371,557
C. Compound Interest to Year End	<u>\$928,047</u>	<u>\$71,347</u>	<u>\$999,394</u>
D. Annual Required Contribution [A. + B. + C.]	\$24,414,890	\$1,876,832	\$26,291,722
VI. Net OPEB Obligation	\$23,216,159	\$1,915,516	\$25,131,675
VII. Interest on net OPEB Obligation	\$928,646	\$76,621	\$1,005,267
VIII. Adjustment to ARC	(\$24,144,694)	(\$1,992,128)	(\$26,136,822)
IX. Annual OPEB Cost (Expense) [V.D. + VII. - VIII.]	\$1,198,842	(\$38,675)	\$1,160,167
X. Expected Benefit Payments			
A. Retirees/Disableds	\$548,034	\$41,909	\$589,943
B. Active Employees	<u>\$23,359</u>	<u>\$1,690</u>	<u>\$25,049</u>
C. Total	\$571,393	\$43,599	\$614,992

EXECUTIVE SUMMARY DETAIL
GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST
AS OF JANUARY 1, 2016 BY BENEFIT

	<u>Medical</u>	<u>Dental & Vision</u>	<u>Total</u>
<i>I. Present value of Future benefits</i>			
A. Retirees/Disableds	\$11,825,404	\$925,101	\$12,750,505
B. Active Employees	<u>\$23,641,165</u>	<u>\$1,752,286</u>	<u>\$25,393,451</u>
C. Total	\$35,466,569	\$2,677,387	\$38,143,956
<i>II. Actuarial Accrued Liability</i>			
A. Retirees/Disableds	\$11,825,404	\$925,101	\$12,750,505
B. Active Employees	<u>\$12,018,204</u>	<u>\$908,141</u>	<u>\$12,926,345</u>
C. Total	\$23,843,608	\$1,833,242	\$25,676,850
<i>III. Actuarial Assets</i>	\$0	\$0	\$0
<i>IV. Unfunded Actuarial Accrued Liability (UAAL)</i>	\$23,843,608	\$1,833,242	\$25,676,850
<i>V. Annual Required Contribution (ARC)</i>			
A. Normal Cost	\$878,332	\$65,458	\$943,790
B. Supplemental Cost	\$23,843,608	\$1,833,242	\$25,676,850
C. Compound Interest to Year End	<u>\$976,427</u>	<u>\$75,026</u>	<u>\$1,051,453</u>
D. Annual Required Contribution [A. + B. + C.]	\$25,698,367	\$1,973,726	\$27,672,093
<i>VI. Net OPEB Obligation</i>	\$23,843,608	\$1,833,242	\$25,676,850
<i>VII. Interest on net OPEB Obligation</i>	\$953,744	\$73,330	\$1,027,074
<i>VIII. Adjustment to ARC</i>	(\$24,797,230)	(\$1,906,563)	(\$26,703,793)
<i>IX. Annual OPEB Cost (Expense)</i> <i>[V.D. + VII. - VIII.]</i>	\$1,854,881	\$140,493	\$1,995,374
<i>X. Expected Benefit Payments</i>			
A. Retirees/Disableds	\$595,709	\$44,276	\$639,985
B. Active Employees	<u>\$26,765</u>	<u>\$1,843</u>	<u>\$28,608</u>
C. Total	\$622,474	\$46,119	\$668,593

EXECUTIVE SUMMARY DETAIL
GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST
AS OF JANUARY 1, 2017 BY BENEFIT

	<u>Medical</u>	<u>Dental & Vision</u>	<u>Total</u>
I. Present value of Future benefits			
A. Retirees/Disableds	\$12,324,166	\$964,808	\$13,288,974
B. Active Employees	<u>\$24,843,876</u>	<u>\$1,841,659</u>	<u>\$26,685,535</u>
C. Total	\$37,168,042	\$2,806,467	\$39,974,509
II. Actuarial Accrued Liability			
A. Retirees/Disableds	\$12,324,166	\$964,808	\$13,288,974
B. Active Employees	<u>\$12,751,849</u>	<u>\$962,808</u>	<u>\$13,714,657</u>
C. Total	\$25,076,015	\$1,927,616	\$27,003,631
III. Actuarial Assets	\$0	\$0	\$0
IV. Unfunded Actuarial Accrued Liability (UAAL)	\$25,076,015	\$1,927,616	\$27,003,631
V. Annual Required Contribution (ARC)			
A. Normal Cost	\$900,290	\$67,094	\$967,384
B. Supplemental Cost	\$25,076,015	\$1,927,616	\$27,003,631
C. Compound Interest to Year End	<u>\$1,025,410</u>	<u>\$78,796</u>	<u>\$1,104,206</u>
D. Annual Required Contribution [A. + B. + C.]	\$27,001,715	\$2,073,506	\$29,075,221
VI. Net OPEB Obligation	\$25,076,015	\$1,927,616	\$27,003,631
VII. Interest on net OPEB Obligation	\$1,003,040	\$77,105	\$1,080,145
VIII. Adjustment to ARC	(\$26,078,920)	(\$2,004,712)	(\$28,083,632)
IX. Annual OPEB Cost (Expense) [V.D. + VII. - VIII.]	\$1,925,835	\$145,899	\$2,071,734
X. Expected Benefit Payments			
A. Retirees/Disableds	\$647,103	\$47,193	\$694,296
B. Active Employees	<u>\$34,994</u>	<u>\$2,444</u>	<u>\$37,438</u>
C. Total	\$682,097	\$49,637	\$731,734

EXECUTIVE SUMMARY DETAIL
GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST
AS OF JANUARY 1, 2015 BY DEPARTMENT

	<u>General</u>	<u>Highway</u>	<u>Police</u>	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
I. Present value of Future benefits						
A. Retirees/Disableds	\$1,366,095	\$2,520,018	\$6,542,502	\$940,567	\$821,209	\$12,190,391
B. Active Employees	<u>\$4,676,840</u>	<u>\$4,540,223</u>	<u>\$11,921,982</u>	<u>\$1,591,109</u>	<u>\$1,721,016</u>	<u>\$24,451,170</u>
C. Total	\$6,042,935	\$7,060,241	\$18,464,484	\$2,531,676	\$2,542,225	\$36,641,561
II. Actuarial Accrued Liability						
A. Retirees/Disableds	\$1,366,095	\$2,520,018	\$6,542,502	\$940,567	\$821,209	\$12,190,391
B. Active Employees	<u>\$2,744,965</u>	<u>\$2,604,489</u>	<u>\$5,226,109</u>	<u>\$614,243</u>	<u>\$991,360</u>	<u>\$12,181,166</u>
C. Total	\$4,111,060	\$5,124,507	\$11,768,611	\$1,554,810	\$1,812,569	\$24,371,557
III. Actuarial Assets	\$0	\$0	\$0	\$0	\$0	\$0
IV. Unfunded Actuarial Accrued Liability (UAAL)	\$4,111,060	\$5,124,507	\$11,768,611	\$1,554,810	\$1,812,569	\$24,371,557
V. Annual Required Contribution (ARC)						
A. Normal Cost	\$209,863	\$167,131	\$429,245	\$63,353	\$51,179	\$920,771
B. Supplemental Cost	\$4,111,060	\$5,124,507	\$11,768,611	\$1,554,810	\$1,812,569	\$24,371,557
C. Compound Interest to Year End	<u>\$170,251</u>	<u>\$209,066</u>	<u>\$482,606</u>	<u>\$63,781</u>	<u>\$73,690</u>	<u>\$999,394</u>
D. Annual Required Contribution [A. + B. + C.]	\$4,491,174	\$5,500,704	\$12,680,462	\$1,681,944	\$1,937,438	\$26,291,722
VI. Net OPEB Obligation	\$4,867,449	\$5,854,118	\$11,115,089	\$1,592,311	\$1,702,708	\$25,131,675
VII. Interest on net OPEB Obligation	\$194,698	\$234,165	\$444,604	\$63,692	\$68,108	\$1,005,267
VIII. Adjustment to ARC	(\$5,062,122)	(\$6,088,257)	(\$11,559,641)	(\$1,655,994)	(\$1,770,808)	(\$26,136,822)
IX. Annual OPEB Cost (Expense) [V.D. + VII. - VIII.]	(\$376,250)	(\$353,388)	\$1,565,425	\$89,642	\$234,738	\$1,160,167
X. Expected Benefit Payments						
A. Retirees/Disableds	\$114,690	\$125,316	\$259,654	\$47,288	\$42,995	\$589,943
B. Active Employees	<u>\$14,626</u>	<u>\$4,645</u>	<u>\$5,778</u>	<u>\$0</u>	<u>\$0</u>	<u>\$25,049</u>
C. Total	\$129,316	\$129,961	\$265,432	\$47,288	\$42,995	\$614,992

EXECUTIVE SUMMARY DETAIL
GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST
AS OF JANUARY 1, 2016 BY DEPARTMENT

	<u>General</u>	<u>Highway</u>	<u>Police</u>	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
I. Present value of Future benefits						
A. Retirees/Disableds	\$1,549,369	\$2,631,108	\$6,799,412	\$945,912	\$824,704	\$12,750,505
B. Active Employees	<u>\$4,746,235</u>	<u>\$4,752,458</u>	<u>\$12,374,282</u>	<u>\$1,745,128</u>	<u>\$1,775,348</u>	<u>\$25,393,451</u>
C. Total	\$6,295,604	\$7,383,566	\$19,173,694	\$2,691,040	\$2,600,052	\$38,143,956
II. Actuarial Accrued Liability						
A. Retirees/Disableds	\$1,549,369	\$2,631,108	\$6,799,412	\$945,912	\$824,704	\$12,750,505
B. Active Employees	<u>\$2,812,514</u>	<u>\$2,739,661</u>	<u>\$5,615,670</u>	<u>\$688,753</u>	<u>\$1,069,747</u>	<u>\$12,926,345</u>
C. Total	\$4,361,883	\$5,370,769	\$12,415,082	\$1,634,665	\$1,894,451	\$25,676,850
III. Actuarial Assets	\$0	\$0	\$0	\$0	\$0	\$0
IV. Unfunded Actuarial Accrued Liability (UAAL)	\$4,361,883	\$5,370,769	\$12,415,082	\$1,634,665	\$1,894,451	\$25,676,850
V. Annual Required Contribution (ARC)						
A. Normal Cost	\$215,110	\$171,309	\$439,976	\$64,937	\$52,458	\$943,790
B. Supplemental Cost	\$4,361,883	\$5,370,769	\$12,415,082	\$1,634,665	\$1,894,451	\$25,676,850
C. Compound Interest to Year End	<u>\$180,208</u>	<u>\$218,740</u>	<u>\$508,525</u>	<u>\$67,027</u>	<u>\$76,953</u>	<u>\$1,051,453</u>
D. Annual Required Contribution [A. + B. + C.]	\$4,757,201	\$5,760,818	\$13,363,583	\$1,766,629	\$2,023,862	\$27,672,093
VI. Net OPEB Obligation	\$4,361,883	\$5,370,769	\$12,415,082	\$1,634,665	\$1,894,451	\$25,676,850
VII. Interest on net OPEB Obligation	\$174,475	\$214,831	\$496,603	\$65,387	\$75,778	\$1,027,074
VIII. Adjustment to ARC	(\$4,536,330)	(\$5,585,571)	(\$12,911,630)	(\$1,700,042)	(\$1,970,220)	(\$26,703,793)
IX. Annual OPEB Cost (Expense) [V.D. + VII. - VIII.]	\$395,346	\$390,078	\$948,556	\$131,974	\$129,420	\$1,995,374
X. Expected Benefit Payments						
A. Retirees/Disableds	\$131,099	\$137,029	\$278,783	\$47,986	\$45,088	\$639,985
B. Active Employees	<u>\$12,473</u>	<u>\$10,119</u>	<u>\$5,100</u>	<u>(\$145)</u>	<u>\$1,061</u>	<u>\$28,608</u>
C. Total	\$143,572	\$147,148	\$283,883	\$47,841	\$46,149	\$668,593

EXECUTIVE SUMMARY DETAIL
GASB 45 LIABILITIES, ANNUAL REQUIRED CONTRIBUTION AND ANNUAL OPEB COST
AS OF JANUARY 1, 2017 BY DEPARTMENT

	<u>General</u>	<u>Highway</u>	<u>Police</u>	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
I. Present value of Future benefits						
A. Retirees/Disableds	\$1,727,630	\$2,810,625	\$6,976,424	\$934,813	\$839,482	\$13,288,974
B. Active Employees	<u>\$4,891,920</u>	<u>\$4,976,717</u>	<u>\$13,027,468</u>	<u>\$1,972,054</u>	<u>\$1,817,376</u>	<u>\$26,685,535</u>
C. Total	\$6,619,550	\$7,787,342	\$20,003,892	\$2,906,867	\$2,656,858	\$39,974,509
II. Actuarial Accrued Liability						
A. Retirees/Disableds	\$1,727,630	\$2,810,625	\$6,976,424	\$934,813	\$839,482	\$13,288,974
B. Active Employees	<u>\$2,886,027</u>	<u>\$2,803,074</u>	<u>\$6,103,331</u>	<u>\$783,985</u>	<u>\$1,138,240</u>	<u>\$13,714,657</u>
C. Total	\$4,613,657	\$5,613,699	\$13,079,755	\$1,718,798	\$1,977,722	\$27,003,631
III. Actuarial Assets	\$0	\$0	\$0	\$0	\$0	\$0
IV. Unfunded Actuarial Accrued Liability (UAAL)	\$4,613,657	\$5,613,699	\$13,079,755	\$1,718,798	\$1,977,722	\$27,003,631
V. Annual Required Contribution (ARC)						
A. Normal Cost	\$220,488	\$175,592	\$450,975	\$66,560	\$53,769	\$967,384
B. Supplemental Cost	\$4,613,657	\$5,613,699	\$13,079,755	\$1,718,798	\$1,977,722	\$27,003,631
C. Compound Interest to Year End	<u>\$190,177</u>	<u>\$228,267</u>	<u>\$535,111</u>	<u>\$70,393</u>	<u>\$80,258</u>	<u>\$1,104,206</u>
D. Annual Required Contribution [A. + B. + C.]	\$5,024,322	\$6,017,558	\$14,065,841	\$1,855,751	\$2,111,749	\$29,075,221
VI. Net OPEB Obligation	\$4,613,657	\$5,613,699	\$13,079,755	\$1,718,798	\$1,977,722	\$27,003,631
VII. Interest on net OPEB Obligation	\$184,546	\$224,548	\$523,190	\$68,752	\$79,109	\$1,080,145
VIII. Adjustment to ARC	(\$4,798,171)	(\$5,838,215)	(\$13,602,885)	(\$1,787,540)	(\$2,056,821)	(\$28,083,632)
IX. Annual OPEB Cost (Expense) [V.D. + VII. - VIII.]	\$410,697	\$403,891	\$986,146	\$136,963	\$134,037	\$2,071,734
X. Expected Benefit Payments						
A. Retirees/Disableds	\$146,128	\$153,677	\$297,886	\$48,004	\$48,601	\$694,296
B. Active Employees	<u>\$13,296</u>	<u>\$11,561</u>	<u>\$8,046</u>	<u>\$3,072</u>	<u>\$1,463</u>	<u>\$37,438</u>
C. Total	\$159,424	\$165,238	\$305,932	\$51,076	\$50,064	\$731,734

Section II

Census Information

This section details statistics related to the participants in the postretirement benefit plan.

CENSUS INFORMATION – A.

EMPLOYEE COUNTS

	<i>As of May 1, 2015</i>			<i>As of January 1, 2012</i>			
	<u>Actives</u>	<u>Retirees</u>	<u>Total</u>		<u>Actives</u>	<u>Retirees</u>	<u>Total</u>
Male	63	34	97	Male	61	27	88
Female	21	9	30	Female	19	7	26
Total	84	43	127	Total	80	34	114

COUNTS BY AGE AND ELIGIBILITY STATUS

ACTIVE EMPLOYEES :

<u>Age</u>	<u>Currently Eligible to Retire</u>	<u>Not Currently Eligible to Retire</u>	<u>Total</u>
29 and under	0	12	12
30 - 34	0	11	11
35 - 39	0	9	9
40 - 44	0	9	9
45 - 49	2	9	11
50 - 54	1	6	7
55 - 59	2	11	13
60 - 64	0	9	9
65 and over	3	0	3
Total	8	76	84

CURRENT RETIREES:

<u>Age</u>	<u>Retirees</u>	<u>Spouse</u>	<u>Total</u>
55 and under	7	7	14
55 - 59	5	3	8
60 - 64	10	3	13
65 - 69	7	0	7
70 - 74	2	0	2
75 - 79	5	0	5
80 and over	7	0	7
Total	43	13	56

CENSUS INFORMATION – B.

AVERAGE AGE AND SERVICE

	<u>As of May 1, 2015</u>	<u>As of January 1, 2012</u>
ACTIVE EMPLOYEES:		
A. Average Age at Hire		
Males	30.0	30.1
Females	41.0	41.4
Total	32.8	32.8
B. Average Service		
Males	12.8	13.5
Females	10.1	10.5
Total	12.1	12.8
C. Average Current Age		
Males	42.8	43.6
Females	51.1	51.9
Total	44.9	45.6
CURRENT RETIREES		
D. Average Current Age		
Males	64.6	65.0
Females	76.6	75.9
Total	67.1	67.2

Section III

Financial Statement Disclosure

This section provides the required information and notes to the Financial Statements for the fiscal years ending December 31, 2015, December 31, 2016 and December 31, 2017.

FINANCIAL STATEMENT DISCLOSURE

The GASB standard on accounting for postretirement benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree benefit liability:

1.) A BRIEF DESCRIPTION OF THE RETIREE MEDICAL, DENTAL AND VISION INSURANCE PLANS:

- a. Plan Types:** Pre Medicare eligible: NYSHIP Empire, and CDPHP HDHP
 Post Medicare eligible: NYSHIP MediPrime and UnitedHealth care
- b. Eligibility:** **Non Union/Labor 17:** Age 55 with 30 years or service; or Age 62 with 10 years of service.
PBA: 20 years of service
- c. Benefit/Cost Sharing:** **Labor 17:**
Service at decrement > 20 years: town covers 100% of medical premium
Service at decrement between 15 and 20: retiree must contribute \$350 per year
Service at decrement between 10 and 15: retiree must contribute \$700 per year
- Non Union/PBA:**
 Town covers 100% of the medical premiums
 Town reimburses the participant for the plan deductible under the CDPHP HDHP in the amount of \$4,500 for individual coverage and \$9,000 for family coverage.
- d. Spouse Benefit:** Yes, same contributions as retiree
Note: the \$350 and \$700 contributions include spouse coverage
- e. Surviving Spouse Benefit:** Surviving Spouse must pay 100% of the medical premium after 6 months
- f. Annual Medical Premiums:** *Effective 1/1/2015 – 12/31/2015*
- | <u>Plan</u> | <u>Single</u> | <u>Family</u> |
|-------------------|---------------|---------------|
| Empire | \$9,660.60 | \$21,706.32 |
| CDPHP | \$3,963.36 | \$12,253.68 |
| United Healthcare | \$2,768.76 | |
- g. Medicare Part B:** The Town reimburses 100% of the Medicare Part B premium
 Single: \$1,258.80
- h. AARP Prescription Plan:** The Town reimburses 100% of the AARP Prescription Plan premium
 Single: \$1,875.60
- i. Annual Dental/Vision Premiums:** Dental and Vision coverage through Guardian
 The Town covers 100% of dental/vision premium
- | | |
|----------------|------------|
| Dental Single: | \$ 395.48 |
| Dental Family: | \$1,161.36 |
| Vision Single: | \$ 122.40 |
| Vision Family: | \$ 251.28 |

FINANCIAL STATEMENT DISCLOSURE (cont.)

2.) GASB 45 DISCLOSURE REQUIREMENTS – ESTIMATED

A. Annual OPEB Cost and Net OPEB Obligation	<u>1/1/2015 - 12/31/2015</u>	<u>1/1/2016 - 12/31/2016</u>	<u>1/1/2017 - 12/31/2017</u>
1. Annual Required Contribution (ARC)	\$26,291,722	\$27,672,093	\$29,075,221
2. Interest on net OPEB Obligation	\$1,005,267	\$1,027,074	\$1,080,145
3. Adjustment to ARC	<u>(\$26,136,822)</u>	<u>(\$26,703,793)</u>	<u>(\$28,083,632)</u>
4. Annual OPEB Cost (Expense)	\$1,160,167	\$1,995,374	\$2,071,734
5. Contribution made (assumed middle of year) *	<u>(\$614,992)</u>	<u>(\$668,593)</u>	<u>(\$731,734)</u>
6. Increase in net OPEB Obligation	\$545,175	\$1,326,781	\$1,340,000
7. Net OPEB Obligation - beginning of year	<u>\$25,131,675</u>	<u>\$25,676,850</u>	<u>\$27,003,631</u>
8. Net OPEB Obligation - end of year	\$25,676,850	\$27,003,631	\$28,343,631

* Contribution made was assumed to equal Expected Benefit Payments

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending 2015 / 2016 are as follows:

Fiscal Year <u>Ending</u>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Covered Payroll	OPEB Cost % of Pay
12/31/2015	\$1,160,167	53.0%	\$25,676,850	N/A	N/A
12/31/2016	\$1,995,374	33.5%	\$27,003,631	N/A	N/A

B. Funded Status and Funding Progress

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 (AAL) ((b - a) / c)
1/1/2009	\$ -	\$13,939,377	\$13,939,377	0.0%	\$3,967,058	351.4%
1/1/2012	\$ -	\$21,402,943	\$21,402,943	0.0%	\$3,324,411	643.8%
1/1/2015	\$ -	\$24,371,557	\$24,371,557	0.0%	N/A	N/A

C. Methods and Assumptions

- Interest Rate 4.00%
- 2015 Medical Trend Rates 9.00%
- Ultimate Medical Trend Rates 5.00%
- Year Ultimate Trend Rates Reached 2019
- Actuarial Cost Method Entry Age Normal
- The remaining amortization period at 12/31/2015 0.00

Section IV

Actuarial Assumptions And Methodology

The following pages detail the assumptions used in the calculations.

ACTUARIAL ASSUMPTIONS AND METHODOLOGY

1. **Funding Interest Rate:** An interest rate of 4.00% was used.

For the following demographic (mortality, retirement, disability, and other termination of employment) assumptions we utilized rates developed in the report, "Development of Recommended Actuarial Assumptions for New York State/ SUNY GASB 45" prepared by the Department of Civil Service's actuarial consultant were used:

2. **Mortality:** Unisex pre-retirement mortality rates from Exhibit 2-2 of the above report (combined accidental and all other death rates) and postretirement mortality rates for healthy participants (sex distinct for non-police employees and retirees).

3. **Retirement Rates:** **Non-Police:**

Early Retirement System - Tier 1

	<u>Years of Service</u>		
<u>Age</u>	0-19	20-29	30+
55	14.09%	21.76%	38.94%
60	12.19%	17.50%	24.04%
65	27.25%	31.10%	27.76%
69	18.52%	21.04%	21.86%
70+	100.00%	100.00%	100.00%

Early Retirement System - Tier 2,3, and 4

	<u>Years of Service</u>		
<u>Age</u>	0-19	20-29	30+
55	5.37%	8.83%	28.22%
60	6.41%	11.77%	23.71%
65	19.90%	31.10%	27.76%
69	15.80%	21.04%	21.86%
70+	100.00%	100.00%	100.00%

Police:

Police Retirement System

<u>Years of Service</u>	<u>Tier 1</u>	<u>Tier 2</u>
20	7.32%	7.32%
23	5.67%	5.67%
25	8.78%	8.78%
28	13.52%	13.52%
29	15.45%	36.24%
30	30.51%	30.51%
31-39	18.47%	18.47%
40+	100.00%	100.00%

ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)

4. **Disability Rates:** None assumed.

5. **Termination Rates:** **Non-Police:**

<u>Age</u>	<u>Years of Service</u>					
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5-9</u>	<u>10+</u>
15	16.96%	10.87%	8.42%	7.51%	7.09%	3.25%
25	16.51%	13.09%	9.33%	7.61%	6.83%	3.23%
30	15.07%	12.07%	9.06%	8.13%	5.78%	3.11%
40	11.94%	8.04%	6.23%	5.68%	4.41%	2.20%
50	11.16%	6.94%	5.23%	4.64%	3.47%	1.36%
60	11.21%	7.60%	6.48%	4.96%	3.34%	1.21%
69	12.21%	8.28%	8.10%	6.21%	3.38%	1.24%

<u>Police:</u>			
<u>Years of Service</u>	<u>Rates</u>	<u>Years of Service</u>	<u>Rates</u>
0	7.96%	7	1.05%
1	5.01%	8-16	1.00%
2	3.08%	17-39	0.22%
3	2.05%		

6. **Health Care Trend Rates:** It was assumed that health care costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Medica</u>	<u>Dental &</u>
	<u>l</u>	<u>Vision</u>
	<u>Rates</u>	<u>Rates</u>
2015	9.0%	5.0%
2016	8.0%	5.0%
2017	7.0%	5.0%
2018	6.0%	5.0%
2019+	5.0%	5.0%

7. **Participation Rate:** It was assumed that 100% of the current police employees and 90% of the current non-police employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.

8. **Percent Married:** It was assumed that 65% of the male and 40% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are two years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

9. **Actuarial Value of Assets:** N/A

ACTUARIAL ASSUMPTIONS AND METHODOLOGY (cont.)

10. **Per Capita Claims Cost:** Coverage offered through the New York State Health Insurance Plan is based on the premium levels of the plans utilized. The premium levels are summarized in the plan provisions in Section III. The premiums paid by the Town are independent of the Town's experience and demographic profile, and are expected to change consistent with a community rated plan. Thus we have applied the premiums with no additional adjustments other than future trend increases.
11. **MVP High Deductible Health Plan:** Amount of town reimbursements for the plan deductible in 2015 is \$4,500 per individual and \$9,000 per family.
12. **Administrative expenses:** Included in premiums used.
13. **Participant Salary Increases:** 3.50% annually
14. **Payroll Growth Rate:** 2.50% annually
15. **Inflation Rate:** 2.50% annually

ACTUARIAL COST METHOD

An Actuarial Cost Method develops an orderly allocation of the actuarial present value of benefit payments over the working lifetime of the participants in the plan. The actuarial present value of benefits allocated to a particular fiscal year is called the Normal Cost. The actuarial present value of benefits allocated to all periods prior to a valuation date is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over future years in accordance with the employer's established accounting policy.

The Entry Age Actuarial Cost Method is used in this valuation. Under this method, the Actuarial Present Value of Projected Benefits of each individual included in the Actuarial Valuation is allocated on a level basis over future earnings of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

The amortization of the unfunded actuarial accrued liability is determined in level dollar amounts on a closed basis over 30 years.

ADDITIONAL COMMENTS

The values in this GASB 45 valuation represent a closed group and do not reflect new entrants after the census collection date.

Section V
Appendices

APPENDIX - I.

ACTIVE EMPLOYEE BY AGE AND SERVICE

AS OF MAY 1, 2015

<u>Age</u>	<u>Service</u>									<u>Total</u>
	<u>0 - 4</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>35 - 39</u>	<u>40+</u>	
0 - 19	1	0	0	0	0	0	0	0	0	1
20 - 24	5	0	0	0	0	0	0	0	0	5
25 - 29	3	3	0	0	0	0	0	0	0	6
30 - 34	1	5	5	0	0	0	0	0	0	11
35 - 39	3	2	4	0	0	0	0	0	0	9
40 - 44	1	2	2	4	0	0	0	0	0	9
45 - 49	2	2	2	1	3	1	0	0	0	11
50 - 54	0	1	1	1	0	3	1	0	0	7
55 - 59	1	5	3	1	0	1	1	1	0	13
60 - 64	1	2	2	0	3	1	0	0	0	9
65 - 69	0	0	1	0	1	0	0	0	0	2
70 - 74	0	0	0	0	0	0	0	0	0	0
75 - 79	0	0	0	0	0	0	0	0	0	0
80 - 84	0	0	0	1	0	0	0	0	0	1
85 and Over	0	0	0	0	0	0	0	0	0	0
Total	18	22	20	8	7	6	2	1	0	84

APPENDIX – II

RECONCILIATION OF ACTUARIAL ACCRUED LIABILITY

a.	7/1/2012 Actuarial Accrued Liability	\$21,402,943
b.	2012 Normal Cost	\$850,077
c.	Interest Rate	4.00%
d.	Interest on (a. + b.)	\$890,120
e.	2012 Benefit Payments	(\$505,729)
f.	Interest on e.	<u>(\$10,115)</u>
g.	7/1/2013 Expected Actuarial Accrued Liability (a. + b. + d. + e. + f.)	\$22,627,296
h.	2013 Normal Cost	\$871,330
i.	Interest Rate	4.00%
j.	Interest on (g. + h.)	\$939,945
k.	2013 Benefit Payments	(\$555,482)
l.	Interest on k.	<u>(\$11,110)</u>
m.	7/1/2014 Expected Actuarial Accrued Liability (g. + h. + j. + k. + l.)	\$23,871,979
n.	2014 Normal Cost	\$893,113
o.	Interest Rate	4.00%
p.	Interest on (m. + n.)	\$990,604
q.	2014 Benefit Payments	(\$612,002)
r.	Interest on q.	<u>(\$12,240)</u>
s.	7/1/2015 Expected Actuarial Accrued Liability (m. + n. + p. + q. + r.)	\$25,131,454
t.	Change in Actuarial Accrued Liability due to	
	i. Census changes	(\$1,811,114)
	ii. Change in Actuarial Assumptions	\$1,632,329
	iii. Plan Change	<u>(\$581,112)</u>
	iv. Total	<u>(\$759,897)</u>
u.	7/1/2015 Actuarial Accrued Liability (s. + t. iv.)	\$24,371,557

APPENDIX – III

DEVELOPMENT OF NORMAL COST AND AMORTIZATION AMOUNT

A. Prior Bases

1. Amortization Base Balance as of 7/1/2012	\$21,402,943
2. 2012 Amortization Payment	(\$21,402,943)
3. Interest	4.00%
4. Interest on (1) + (2)	\$0
5. Amortization Base Balance as of 7/1/2013 (1) + (2) + (4)	\$0
6. 2013 Amortization Payment	\$0
7. Interest	4.00%
8. Interest on (5) + (6)	\$0
9. Amortization Base Balance as of 7/1/2014 (5) + (6) + (8)	\$0
10. 2014 Amortization Payment	\$0
11. Interest	4.00%
12. Interest on (9) + (10)	\$0
13. Amortization Base Balance as of 7/1/2015 (9) + (10) + (12)	\$0
14. Remaining Amortization Period	1.00
15. Valuation Interest rate	4.00%
16. Assumed payroll growth	2.50%
17. 2015 Adjusted Amortization Amount	\$0

B. New Amortization Base

1. Experience (Gain)/Loss	(\$1,811,114)
2. Assumption Changes	\$1,632,329
3. Plan Change	(\$581,112)
4. Funded Policy	<u>\$25,131,454</u>
5. Total (1) + (2) + (3) + (4)	\$24,371,557
6. Remaining Amortization Period	1.00
7. Valuation Interest rate	4.00%
8. Assumed payroll growth	2.50%
9. Amortization Amount	\$24,371,557

C. Combined Bases

1. Amortization Base Balance as of 7/1/2014 (A.13. + B.5.)	\$24,371,557
2. 2015 Preliminary Total Amortization Amount (A.17. + B.9.)	\$24,371,557
3. 2015 Minimum Total Amortization Amount (1 year)	\$24,371,557
4. 2015 Total Amortization Amount (greater of 2. and 3.)	\$24,371,557

APPENDIX – IV

PROJECTED BENEFIT PAYMENTS

<u>Year</u>	<u>Amount</u>	<u>Accumulated</u>	<u>Year</u>	<u>Amount</u>	<u>Accumulated</u>	<u>Year</u>	<u>Amount</u>	<u>Accumulated</u>
2015	\$ 614,992	\$ 614,992	2044	\$ 2,566,352	\$ 48,239,702	2073	\$ 1,005,515	\$ 105,955,771
2016	\$ 668,593	\$ 1,283,585	2045	\$ 2,574,282	\$ 50,813,984	2074	\$ 916,791	\$ 106,872,562
2017	\$ 731,734	\$ 2,015,319	2046	\$ 2,558,706	\$ 53,372,690	2075	\$ 829,418	\$ 107,701,980
2018	\$ 785,944	\$ 2,801,263	2047	\$ 2,549,737	\$ 55,922,427	2076	\$ 744,452	\$ 108,446,432
2019	\$ 837,157	\$ 3,638,420	2048	\$ 2,536,968	\$ 58,459,395	2077	\$ 662,763	\$ 109,109,195
2020	\$ 882,270	\$ 4,520,690	2049	\$ 2,514,015	\$ 60,973,410	2078	\$ 585,109	\$ 109,694,304
2021	\$ 938,330	\$ 5,459,020	2050	\$ 2,481,721	\$ 63,455,131	2079	\$ 511,957	\$ 110,206,261
2022	\$ 1,012,952	\$ 6,471,972	2051	\$ 2,460,121	\$ 65,915,252	2080	\$ 443,772	\$ 110,650,033
2023	\$ 1,093,734	\$ 7,565,706	2052	\$ 2,444,370	\$ 68,359,622	2081	\$ 380,929	\$ 111,030,962
2024	\$ 1,170,838	\$ 8,736,544	2053	\$ 2,418,228	\$ 70,777,850	2082	\$ 323,522	\$ 111,354,484
2025	\$ 1,238,047	\$ 9,974,591	2054	\$ 2,375,233	\$ 73,153,083	2083	\$ 271,714	\$ 111,626,198
2026	\$ 1,309,518	\$ 11,284,109	2055	\$ 2,333,220	\$ 75,486,303	2084	\$ 226,088	\$ 111,852,286
2027	\$ 1,378,969	\$ 12,663,078	2056	\$ 2,282,087	\$ 77,768,390	2085	\$ 186,411	\$ 112,038,697
2028	\$ 1,456,278	\$ 14,119,356	2057	\$ 2,218,442	\$ 79,986,832	2086	\$ 152,154	\$ 112,190,851
2029	\$ 1,544,219	\$ 15,663,575	2058	\$ 2,159,622	\$ 82,146,454	2087	\$ 123,090	\$ 112,313,941
2030	\$ 1,630,583	\$ 17,294,158	2059	\$ 2,101,093	\$ 84,247,547	2088	\$ 98,863	\$ 112,412,804
2031	\$ 1,723,590	\$ 19,017,748	2060	\$ 2,041,369	\$ 86,288,916	2089	\$ 78,861	\$ 112,491,665
2032	\$ 1,812,099	\$ 20,829,847	2061	\$ 1,972,773	\$ 88,261,689	2090	\$ 62,398	\$ 112,554,063
2033	\$ 1,885,887	\$ 22,715,734	2062	\$ 1,904,154	\$ 90,165,843	2091	\$ 48,980	\$ 112,603,043
2034	\$ 1,971,455	\$ 24,687,189	2063	\$ 1,835,363	\$ 92,001,206	2092	\$ 38,179	\$ 112,641,222
2035	\$ 2,061,113	\$ 26,748,302	2064	\$ 1,763,523	\$ 93,764,729	2093	\$ 29,593	\$ 112,670,815
2036	\$ 2,151,814	\$ 28,900,116	2065	\$ 1,688,850	\$ 95,453,579	2094	\$ 22,864	\$ 112,693,679
2037	\$ 2,234,033	\$ 31,134,149	2066	\$ 1,611,151	\$ 97,064,730	2095	\$ 17,582	\$ 112,711,261
2038	\$ 2,287,220	\$ 33,421,369	2067	\$ 1,529,956	\$ 98,594,686	2096	\$ 13,420	\$ 112,724,681
2039	\$ 2,338,056	\$ 35,759,425	2068	\$ 1,445,829	\$ 100,040,515	2097	\$ 10,141	\$ 112,734,822
2040	\$ 2,401,615	\$ 38,161,040	2069	\$ 1,359,372	\$ 101,399,887	2098	\$ 7,442	\$ 112,742,264
2041	\$ 2,465,932	\$ 40,626,972	2070	\$ 1,271,962	\$ 102,671,849	2099	\$ 5,345	\$ 112,747,609
2042	\$ 2,502,272	\$ 43,129,244	2071	\$ 1,183,692	\$ 103,855,541	2100	\$ 3,738	\$ 112,751,347
2043	\$ 2,544,106	\$ 45,673,350	2072	\$ 1,094,715	\$ 104,950,256	2101	\$ 2,468	\$ 112,753,815

APPENDIX – V

GLOSSARY

Actuarial Accrued Liability. The portion, as determined by a particular Actuarial Cost Method, of the present value of benefits which is not provided for by future Normal Costs.

Actuarial Cost Method. A procedure for determining the Actuarial Present Value of Total Projected Benefits 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.

Actuarially Equivalent. Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.

Actuarial Present Value of Total Projected Benefits. The present value, as of the valuation date, of the cost of future benefits to be paid to employees, retirees, and covered dependents, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. It is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

Annual OPEB Cost. The 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 required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters defined in GAS 45.

Investment Return Assumption (Discount Rate). The rate used to adjust a series of future benefit payments to reflect the time value of money.

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 and technological developments.

Net OPEB Obligation. The cumulative difference since the effective date of GAS 45 between the annual OPEB cost and the employer's contributions to the plan.

Normal Cost. The portion of the Actuarial Present Value of plan benefits which is allocated to a valuation year by the Actuarial Cost Method.

OPEB. Postemployment benefits other than pension benefits.

Pay-As-You-Go. The amount of the benefits paid out to plan participants during the year.

Per Capita Claims Cost. The current average annual cost of providing postretirement health care benefits per individual.

Supplemental Cost. The amount of the Annual Required Contribution attributable to the amortization of the unfunded Actuarial Accrued Liability.