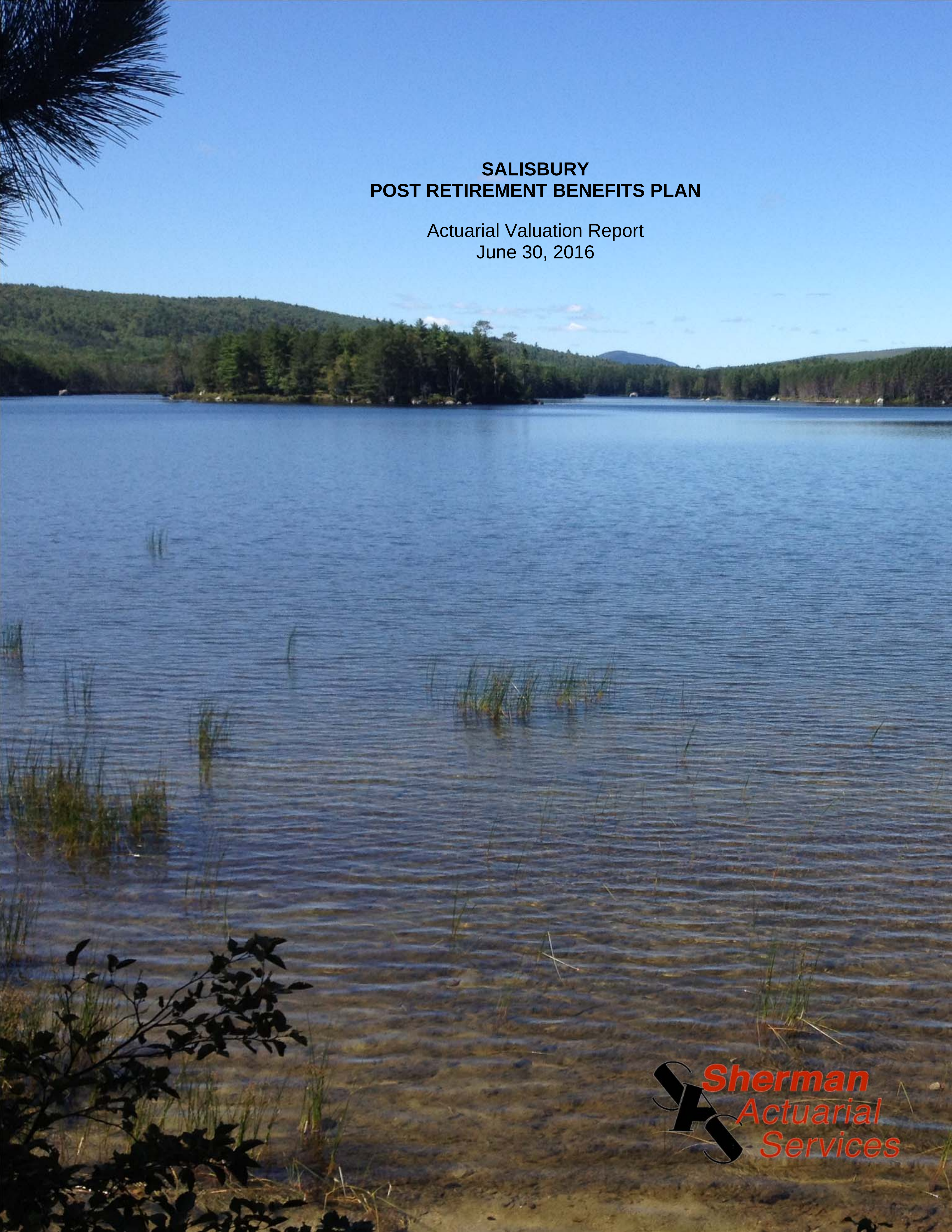
SALISBURY
POST RETIREMENT BENEFITS PLAN

Actuarial Valuation Report
June 30, 2016



Sherman Actuarial Services

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SECTION I - OVERVIEW

The Town of Salisbury has engaged Sherman Actuarial Services, LLC (SAS) to prepare an actuarial valuation of their post-retirement benefits program as of June 30, 2016. This valuation was performed using employee census data, enrollment data, claims, premiums, participant contributions and plan provision information provided by personnel of the Town of Salisbury. SAS did not audit these data, although they were reviewed for reasonability. The results of the valuation are dependent on the accuracy of the data.

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

This report is based on the participant data, the plan provisions and the health plans offered as of June 30, 2016.

According to GASB principles, if the benefits are not prefunded, the rate earned by the General Asset Account must be used to select the discount rate used to measure the plan. To measure on that basis we have used a discount rate of 4.0%. The 4.0% scenario figures should be reflected in the Town's financial statements based on the Town's current Pay-as-You-Go plus $50,000 funding approach. If the Town were to commence fully funding the Annual Required, the measurement would be based on an 7.75% discount rate.

Section II provides a summary of the principal valuation results. Section VII provides a projection of funding amounts.

While the actuary believes that the assumptions are reasonable for financial reporting purposes, it should be understood that there is a range of assumptions that could be deemed reasonable that would yield different results. Moreover, while the actuary considers the assumption set to be reasonable based on prior plan experience, it should be understood that future plan experience may differ considerably from what has been assumed.

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

The costs and actuarial exhibits presented in this report have been prepared in accordance with Generally Accepted Accounting Practices and the requirements of GASB 45. I am available to answer questions about this report.

Respectfully Submitted,

SHERMAN ACTUARIAL SERVICES, LLC

Daniel W. Sherman

_____________________________	November 3, 2016 _______________
Daniel Sherman, ASA, MAAA	Date

SECTION II - REQUIRED INFORMATION

		Full Prefunding 7.75%	Partial Prefunding 4.00%	
a)	Actuarial valuation date	June 30, 2016	June 30, 2016	Difference
b)	Actuarial Value of Assets	$ 111,683	$ 111,683	$ 0
c)	Actuarial Accrued Liability			
	Active participants	$ 3,025,350	$ 6,569,960	$ 3,544,610
	Retired participants	2,509,027	3,633,218	1,124,191
	Total AAL	$ 5,534,377	$ 10,203,178	$ 4,668,801
d)	Unfunded Actuarial Liability "UAL" [c - b]	$ 5,422,694	$ 10,091,495	$ 4,668,801
e)	Funded ratio [b / c]	2.0%	1.1%	
f)	Annual covered payroll	$ 4,497,990	4,497,990	
g)	UAL as percentage of covered payroll	120.6%	224.4%	
h)	Normal Cost for fiscal year 2016	$ 123,927	$ 336,782	$ 212,855
i)	Amortization of UAL for fiscal year 2016*	288,361	$ 336,383	$ 48,022
j)	Interest to the end of the fiscal year	0	0	0
k)	Annual Required Contribution "ARC" for fiscal year 2016 [h + i + j]	$ 412,288	$ 673,165	$ 260,877
l)	Estimated claims payments FYE17	$ 209,604	$ 209,604	$ 0
m)	Participants			
	Actives	76	76	
	Retirees and Beneficiaries	68	68	
	Total	144	144	

* 30-year amortization, increasing 4.0% per year

SECTION III - MEDICAL PREMIUMS

Monthly Premiums effective July 1, 2016

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

Tufts HMO Preferred (individual)	$724.15
Tufts HMO Preferred (family)	$1,882.77
Tufts HMO Premium (individual)	$814.02
Tufts HMO Premium (family)	$2,116.41
Tufts PPO Premium (individual)	$1,084.41
Tufts PPO Premium (family)	$2,819.55
Tufts Medicare Preferred (individual)	$361.00

Retirees contribute towards their coverage in the amount of 50% of stated premiums.

SECTION IV - BREAKOUTS

Number of Participants included in valuation

	Sewer	Town	Total
Actives	4	72	76
Retired & Beneficiaries (medical &/or life)	0	68	68
Total	4	140	144

Accrued Liability @ 7.75%

	Sewer	Town	Total
Active	205,349	2,820,001	3,025,350
Retired	0	2,509,027	2,509,027
Total	205,349	5,329,027	5,534,376
Assets	46,471	65,212	111,683
Unfunded Liability	158,878	5,263,815	5,422,693

Annual Required Contribution - FYE16

	Sewer	Town	Total
Normal Cost with interest	2,078	121,849	123,927
Amortization of UAL with interest	8,449	279,913	288,361
Total	10,527	401,762	412,288

Annual Required Contribution - FYE17

	Sewer	Town	Total
Normal Cost with interest	2,172	127,332	129,504
Amortization of UAL with interest	8,787	291,110	299,895
Total	10,958	418,442	429,399

Accrued Liability @ 4.0%

	Sewer	Town	Total
Active	412,334	6,157,626	6,569,960
Retired	0	3,633,218	3,633,218
Total	412,334	9,790,844	10,203,178
Assets	46,471	65,212	111,683
Unfunded Liability	365,863	9,725,632	10,091,495

Annual Required Contribution - FYE16

	Sewer	Town	Total
Normal Cost with interest	5,405	331,377	336,782
Amortization of UAL with interest	12,195	324,188	336,383
Total	17,600	655,565	673,165

Annual Required Contribution - FYE17

	Sewer	Town	Total
Normal Cost with interest	5,648	346,289	351,937
Amortization of UAL with interest	12,768	339,429	352,197
Total	18,417	685,717	704,134

SECTION V - REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress on a Partial Prefunding - 4.0%

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b) - (a) Unfunded AAL (UAL)	(a) / (b) Funded Ratio	(c) Covered Payroll	[(b)-(a)]/(c) UAL as Percentage of Covered Payroll
June 30, 2009	0	6,958,284	6,958,284	0.00%	n/a	n/a
June 30, 2012	0	6,989,364	6,989,364	0.00%	3,628,492	192.62%
June 30, 2014	61,316	8,942,563	8,881,247	0.69%	3,633,465	244.43%
June 30, 2016	111,683	10,203,178	10,091,495	1.09%	4,497,990	224.36%

SECTION VI - NET OPEB OBLIGATION

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

Development of OPEB Cost and Net OPEB Obligation (NOO)

Year Ending June 30	(a) Annual Required Contribution	(b) Interest on NOO	(c) Amortization of NOO	(d) Annual OPEB Cost (a)+(b)-(c)	(e) Contribution	(f) Change in NOO (d)-(e)	(g) NOO Balance
2014	607,704	61,191	50,992	617,903	260,561	357,342	1,887,114
2015	637,232	75,485	62,904	649,813	224,412	425,401	2,312,515
2016	673,165	92,501	77,084	688,582	259,604	428,978	2,741,493
2017	704,134	109,660	91,383	722,411	289,531	432,880	3,174,373
2018	735,803	126,975	105,812	756,966	323,731	433,235	3,607,608

SECTION VII - SCHEDULE OF EMPLOYER CONTRIBUTIONS

The Government Accounting Standards Board's Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" outlines various requirements of a funding schedule that will amortize the unfunded actuarial liability and cover normal costs. Amortization of the unfunded actuarial liability is to be based on a schedule that extends no longer than 30 years. The contribution towards the amortization of the unfunded actuarial liability may be made in level payments or in payments increasing at the same rate as salary increases. There is no requirement to actually fund the Annual Required Contribution, however.

In the amortization schedules shown on the following pages, the amortization of the unfunded accrued liability is increasing at 3.0% for 30 years. The normal cost is expected to increase at the same rate as the assumed ultimate health care trend rate. The contributions were computed assuming that the contribution is paid at the end of the fiscal year. Projected benefit payments/employer contributions reflect only the benefit for those individuals now employed or retired, not any future entrants.

Paragraph 12 of GASB 45 stipulates that valuations must be performed at least biennially. The following projections are intended only to illustrate long-term implications of Prefunding versus Pay-as-You-Go.

SECTION VII - SCHEDULE OF EMPLOYER CONTRIBUTIONS

Partial Prefunding - 4.0%

Fiscal Year Ending In	Normal Cost	Amortization of UAL	ARC*	Estimated Claims Cost
2016	336,782	336,383	673,165	209,604
2017	351,937	352,197	704,134	239,531
2018	367,774	368,029	735,803	273,731
2019	384,324	384,105	768,429	302,105
2020	401,619	401,517	803,136	299,320
2021	419,692	418,960	838,652	337,340
2022	438,578	436,303	874,881	380,058
2023	458,314	454,821	913,135	386,039
2024	478,938	474,755	953,693	387,218
2025	500,490	494,799	995,289	429,378
2026	523,012	516,520	1,039,532	426,621
2027	546,548	539,473	1,086,021	439,957
2028	571,143	562,707	1,133,850	483,762
2029	596,844	586,131	1,182,975	531,716
2030	623,702	610,126	1,233,828	569,901
2031	651,769	635,181	1,286,950	595,547
2032	681,099	661,344	1,342,443	622,347
2033	711,748	688,665	1,400,413	650,352
2034	743,777	717,193	1,460,970	679,618
2035	777,247	746,984	1,524,231	710,201
2036	812,223	778,092	1,590,315	742,160
2037	848,773	810,576	1,659,349	775,557
2038	886,968	844,497	1,731,465	810,457
2039	926,882	879,920	1,806,802	846,928
2040	968,592	916,909	1,885,501	885,039
2041	1,012,179	955,535	1,967,714	924,866
2042	1,057,727	995,870	2,053,597	966,485
2043	1,105,325	1,037,991	2,143,316	1,009,977
2044	1,155,065	1,081,976	2,237,041	1,055,426
2045	1,207,043	1,127,907	2,334,950	1,102,920
2046	1,261,360	1,175,872	2,437,232	1,152,552

* Assumes payment is made at the end of the fiscal year.

SECTION VII - SCHEDULE OF EMPLOYER CONTRIBUTIONS

Full Prefunding Basis – 7.75%

Fiscal Year Ending In	Normal Cost	Amortization of UAL	ARC*	Estimated Claims Cost
2016	123,927	288,361	412,288	209,604
2017	129,504	299,895	429,399	239,531
2018	135,332	311,891	447,223	273,731
2019	141,422	324,367	465,789	302,105
2020	147,786	337,342	485,128	299,320
2021	154,436	350,835	505,271	337,340
2022	161,386	364,869	526,255	380,058
2023	168,648	379,463	548,111	386,039
2024	176,237	394,642	570,879	387,218
2025	184,168	410,428	594,596	429,378
2026	192,456	426,845	619,301	426,621
2027	201,117	443,919	645,036	439,957
2028	210,167	461,675	671,842	483,762
2029	219,625	480,142	699,767	531,716
2030	229,508	499,348	728,856	569,901
2031	239,836	519,322	759,158	595,547
2032	250,629	540,095	790,724	622,347
2033	261,907	561,699	823,606	650,352
2034	273,693	584,166	857,859	679,618
2035	286,009	607,533	893,542	710,201
2036	298,879	631,834	930,713	742,160
2037	312,329	657,108	969,437	775,557
2038	326,384	683,392	1,009,776	810,457
2039	341,071	710,728	1,051,799	846,928
2040	356,419	739,157	1,095,576	885,039
2041	372,458	768,723	1,141,181	924,866
2042	389,219	799,472	1,188,691	966,485
2043	406,734	831,451	1,238,185	1,009,977
2044	425,037	864,709	1,289,746	1,055,426
2045	444,164	899,297	1,343,461	1,102,920
2046	464,151	-	464,151	1,152,552

* Assumes payment is made at the end of the fiscal year.

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS

TOWN OF SALISBURY, ALL GROUPS

Interest: Partial Prefunding: 4.00% per year, net of investment expenses
Full Prefunding: 7.75% per year, net of investment expenses

Actuarial Cost Method: Projected Unit Credit. Benefits are attributed ratably to service from date of hire until full eligibility date. Full eligibility date is assumed to be first eligibility for retiree medical benefits.

Healthcare Cost Trend Rate:

Year	Inflation Rate
2017	5.5%
2018	5.0%
2019 & after	4.5%

Amortization Period: 30-year level percent of pay assuming 4.0% aggregate annual payroll growth, open basis for Pay-as-You-Go. The amortization period is 30 years for all future valuations. Under Full Prefunding, a 30-year closed basis was used for the amortization. The amortization period is a specific number of years that is counted from one date, declining to zero with the passage of time.

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

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

Participation: 95% of future retirees are expected to participate in the retiree medical plan and 100% of future retirees are expected to elect life insurance.

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS

TOWN OF SALISBURY, ALL GROUPS

Marital Status:	80% of male employees and 60% of female employees are assumed to have a covered spouse at retirement. Wives are assumed to be three years younger than their husbands.
Pre-Age 65 Retirees:	Current retirees, spouses and beneficiaries who are under age 65 are assumed to remain in their current medical plan until age 65. At age 65, all participants are assumed to participate in Medicare supplement plan in the same proportions as current post 65 retirees. Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65. At age 65, all participants are assumed to participate in post 65 Medicare supplemental plans in the same proportions as current retirees over age 65.
Post-Age 65 Retirees:	Current retirees over age 65 remain in their current medical plan until death for purposes of measuring their contributions. Amounts to be received in the future for the Medicare Part D Retiree Drug Subsidy are not reflected in the valuation.
Termination Benefit:	95% of current actives over age 50 with at least 10 years of service are expected to elect medical coverage starting at age 65.
Medical Plan Costs:	The estimated gross per capita incurred claim costs for all retirees and beneficiaries for 2016-17 at age 64 and 65 are \$14,849 and \$3,380, respectively. It is assumed that future retirees participate in the same manner as current retirees. Employee cost sharing is based on current rates. Future cost sharing is based on the weighted average of the current cost sharing of retirees and beneficiaries.

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS

TOWN OF SALISBURY, GROUPS 1 AND 2

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

Age	Disability	Service Retirement Male	Service Retirement Female	Service Retirement Male Post 2012 Hire	Service Retirement Female Post 2012 Hire
25	0.0001				
30	0.0002				
35	0.0003				
40	0.0007				
45	0.0010				
50	0.0013	0.0360	0.1019		
55	0.0016	0.0477	0.0469		
60	0.0018	0.1057	0.0774	0.0477	0.0469
62	0.0019	0.1473	0.1168	0.0632	0.0509
65	0.0016	0.2615	0.1939	0.1057	0.0774
69	0.0014	0.2500	0.2000	0.2136	0.1708

Years of Service	Rates of Withdrawal
0	0.2800
5	0.1020
10	0.0650
15	0.0417
20	0.0400
25	0.0400
30+	0.0000

Mortality: It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Generational adjusting is based on Scale MP-2015.

SCHEDULE A - ACTUARIAL ASSUMPTIONS AND METHODS

TOWN OF SALISBURY, GROUP 4

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

		Service Retirements	
Age	Disability	Pre 2012	Post 2012
25	0.0005		
30	0.0010		
35	0.0020		
40	0.0025		
45	0.0040	.0443	
50	0.0076	.0382	0.0191
55	0.0076	.1110	0.0370
60	0.0065	.1871	0.0936
62	0.0065	.2176	0.1741
65	0.0000	1.0000	0.2500

Years of Service	Rates of Withdrawal
0 - 1	0.150
2 - 3	0.125
4 - 5	0.100
6 - 7	0.075
8 - 9	0.050
10 - 19	0.060
20+	0.000

Mortality: It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2015.

SCHEDULE B - SUMMARY OF PROGRAM PROVISIONS

Retirement Medical Insurance:	Retirees contribute towards their coverage in the amount of 50% of stated premiums.
Life Insurance:	The Town of Salisbury contributes 50% of the cost of $5,000 basic life insurance.
Spousal Coverage:	Current and future retirees may elect to include their spouses as part of their post-retirement benefits. There is lifetime spousal coverage for medical insurance.
Administrative Costs:	The Town pays administrative costs for each member of the plan as part of the monthly premium.
Section 18 Coverage:	The Town has elected to adopt Section 18 under Chapter 32B of the General Laws of Massachusetts, which requires that an employee or retiree must participate in the Medicare program as the primary payer once one reaches age 65 and is Medicare eligible.
Retirement Eligibility:	Age 55 with 10 years of service, or 20 years of service.
Ordinary Disability Eligibility:	10 years of service and under age 55.
Termination Eligibility:	10 years of service.

SCHEDULE C - CONSIDERATIONS OF HEALTH CARE REFORM

Early Retiree Reinsurance Program ("ERRP") - Effective June 1, 2011: Due to the short-term nature of the payments expected to be received under this program, we do not reflect this program in long-term GASB 45 liabilities.

Removal of Lifetime Maximum: The elimination of the lifetime maximums would have no impact on the retiree health plan obligations since, as far as we are aware, the plan has no lifetime maximums.

Medicare Advantage Plans - Effective January 1, 2011: The law provides for reductions to the amounts that would be provided to Medicare Advantage plans starting in 2011. Since the Town does not offer these plans, the reductions would have no impact.

Expansion of Child Coverage to Age 26: Since few retirees cover children on retiree health plans, this provision will likely have a relatively small effect on the gross benefit cost. We have reflected an estimate of the amount of additional cost by assuming a higher healthcare trend rate.

Medicare Part D Subsidy - Shrinking Medicare Prescription Drug "Donut Hole"- Starting January 1, 2011: RDS payments are not reflected as on ongoing offsetting item in GASB 45 valuations, and so no direct impact is reflected. RDS actuarial equivalence testing does not reflect the new donut hole shrinking Part D benefits. Thus, the changes to Medicare Part D have no impact on the calculations.

Excise Tax on High-Cost Employer Health Plans (aka Cadillac Tax) - Effective January 1, 2020: There is considerable uncertainty about how the tax would be applied, and considerable latitude in grouping of participants for tax purposes. We have estimated the impact and included it in the liabilities.

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

SCHEDULE D - GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE D - GLOSSARY OF TERMS

Funding policy
The program for the amounts and timing of contributions to be made by plan members, employer(s), and other contributing entities (for example, state government contributions to a local government plan) to provide the benefits specified by an OPEB plan.

Healthcare cost trend rate
The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Investment return assumption (discount rate)
The rate used to adjust a series of future payments to reflect the time value of money.

Level dollar amortization method
The amount to be amortized is divided into equal dollar amounts to be paid over a given number of years; part of each payment is interest and part is principal (similar to a mortgage payment on a building). Because payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of payroll; in dollars adjusted for inflation, the payments can be expected to decrease over time.

Level percentage of projected payroll amortization method
Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level.

Net OPEB Obligation
The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt. It will be included as a balance sheet entry on the financial statements.

Normal cost
That portion of the Actuarial Present Value of OPEB benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. It is the value of benefits to be accrued in the valuation year by active employees.

OPEB-related debt
All long-term liabilities of an employer to an OPEB plan, the payment of which is not included in the annual required contributions of a sole or agent employer (ARC) or the actuarially determined required contributions of a cost-sharing employer. Payments generally are made in accordance with installment contracts that usually include interest. Examples include contractually deferred contributions and amounts assessed to an employer upon joining a multiple-employer plan.

Other postemployment benefits
Postemployment benefits other than pension benefits. Other postemployment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

Pay-as-You-Go
A method of financing an OPEB plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

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