

Key Benefit Concepts, LLC

School District of Amery



Accounting and Sample Funding Report of
Liabilities for Participants' Post Employment
Benefits as of July 1, 2014

Thru End of the Year June 30, 2015

March 2015



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Background and Certification

The Government Accounting Standards Board (GASB) considers other post-employment benefits, like pension benefits, as part of the compensation employees earn each year although they are not received until after employment ends. GASB has finalized Statement No. 27 (Accounting for Pensions by State and Local Government Employers), Statement No. 43 (Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans), Statement No. 45 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions) and Statement No. 50 (Pension Disclosures). These Statements establish standards for the measurement, recognition, and display of Other Post-Employment Benefits (OPEB) expense/expenditures and pension expense/expenditures as well as other related liabilities.

Key Benefit Concepts, LLC (KBC) is an independent actuarial and employee benefits consulting firm providing actuarial services to clients who sponsor qualified retirement and other post-employment benefits. We maintain no relationships with any client that might impair the objectivity of our work. This valuation and report were prepared by KBC based upon:

- Our understanding of GASB's current Statements
- The Summary of Benefits and Eligibility determined by the bargaining and other District agreements, as outlined herein
- The accuracy and completeness of information and data provided by the District.

The calculations of cost and liabilities illustrated were determined according to generally accepted actuarial principles and standards. Specific assumptions and actuarial methodology for the study are defined within the report. Each material assumption is, in the actuaries' opinion, individually reasonable and falls within the best estimate range, taking into account past experience and reasonable future expectations, and is consistent with each other material assumption. Given that actual experience may vary from the actuarial assumptions projected, developing liabilities and costs may differ from those estimated in this report. Furthermore, in the event of any inaccuracies in the information or data provided, upon which these calculations were based, revisions may be needed.

This report was prepared solely for the purposes of providing information required by GASB for the entity's financial reporting. KBC assumes neither responsibility nor any liability for use of this report for any other purposes.

The valuation was prepared in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The actuaries certifying this valuation meet the qualifications of the American Academy of Actuaries required to provide the actuarial opinion detailed in this report. Their opinion and certification is provided in accordance with an agreement with Key Benefit Concepts, LLC.



Steven L. Diess, EA, MAAA



Elizabeth A. Moore, FSA, EA, MAAA

March 25, 2015

Introduction

The actuarial present value of the other post employment benefit (OPEB) liabilities is the value of all benefits estimated to be payable to plan members discounted at the assumed discount interest rate back to the valuation date. The actuarial present value is comprised of:

- Benefits employees have already earned, and
- Benefits expected to be earned by employees in the future.

Presented in this report are the results of our study of the post employment benefits and the associated liabilities and costs. The study includes the following:

- Actuarial Accrued Liability (AAL): The portion of the actuarial present value of benefits allocated to all periods prior to the valuation date of July 1, 2014 also known as the accrued benefit.
- Normal Cost (NC): The portion of the actuarial present value of benefits allocated to the valuation year (i.e. the additional benefits to be earned from July 1, 2014 through June 30, 2015).
- Unfunded Actuarial Accrued Liability (UAAL): The difference between the actuarial accrued liability and the actuarial value of assets. This amount may also be negative indicating the presence of a surplus of actuarial assets over actuarial accrued liabilities.
- Annual Required Contribution (ARC): The employer's annual contribution comprised of the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the valuation year.

District OPEB

For the School District of Amery (the "District"), the other post employment benefit liability consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classifications that are entitled to a benefit are briefly outlined below. A full description of the eligibilities and benefits for eligible classifications can be found in the OPEB Technical Appendix.

- Administrators & Teachers: At least age 56 with a minimum of 15 years of service and hired prior to July 1, 2004; the District shall contribute \$9,000 annually to retirees Premium Only HRA for 8 years or until Medicare eligibility; whichever occurs first.

Note: *Those hired on or after July 1, 2004 will not be entitled to a District-provided post-employment benefit of any kind. Instead, they shall receive an HRA that is funded in each year of active service with the District.*

In a standard OPEB valuation, the GASB guidelines require that the OPEB to be based upon the *value* of the health care benefit. Thus, when the benefits are insured, the value above the premium cost of benefits must be determined. This applies to all

classifications and arises from the value of benefits in excess of the payments made by the District during the guaranteed period. This amount is determined and incorporated in the determined liability of the medical care benefit. In addition, since GASB guidelines require the OPEB to be based upon the *value* of the medical care benefit, when an individual self-pays 100% of the premium cost, the valuation also includes the difference between the premium cost and the value cost of the benefit. This is known as the Implicit Rate Subsidy.

Implicit Rate Subsidy exists when an employer's retirees and current employees are covered together as a group wherein the premium rate or premium equivalent rate paid by the retirees may be lower than they would be if the retirees were rated separately. The final GASB Statements declare that even if the retirees pay 100% of the premium, without a contribution from the employer, the employer is required to treat the implicit rate subsidy as an OPEB liability.

Note that the implicit rate subsidy is only applied when retirees are enrolled in the District's medical and/or long-term care plans. It is not applied, however, when retirees participate in the District's dental plan. Furthermore, when an individual becomes Medicare-eligible, their premium rates are adjusted, such that these adjusted rates represent the expected cost of coverage, and no implicit rate subsidy is calculated.

No OPEB liability of any kind was calculated on behalf of any Administrator or Teacher that was hired after July 1, 2004. Since future retirees will not be allowed to use their HRA funds to remain on the District's medical plan in retirement, no OPEB liability in the form of an implicit rate subsidy was calculated on behalf of active employees.

Supplemental Pension (Stipend) Benefit

Eligible Administrators and Teachers that were hired prior to July 1, 2004 will also receive a stipend in an amount ranging from \$2,000-\$8,000 (based on year of retirement) upon their retirement if retired before the end of the 2017-18 school year. This stipend will be paid out in one lump sum.

According to current GASB regulations, any such form of cash payments, whether it be a stipend, contributions to a TSA, severance payment or any other type of cash-related benefits (other than sick leave) are considered a supplemental pension and should be accounted for as such under GASB Statement 27 as updated and amended in GASB Statement 50. The actuarial value of the stipend (supplemental pension) benefit for current and future retirees eligible for the stipend has been calculated and provided as separate tables.

GASB has issued Statements 67 and 68 which replace the requirements of Statements 27 and 50 relative to accounting for and disclosure of pensions by State and Local Governmental Employers wherein the pensions are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. However, the requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of Statements 67 and 68. Since the District funds its stipend benefits on a pay-as-you-go basis, we understand that the plan valuation and reporting remains under compliance with Statements 27 and 50. Therefore, this valuation and report were performed in compliance with GASB Statements 27 and 50.

The actuarial value of the stipend (supplemental pension) benefit for current and future retirees eligible for a stipend benefit has been calculated and provided as separate tables.

Amortization Method

The current guidelines allow two amortization methods:

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 principle (similar to a mortgage payment on a building). Since payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of the payroll over time.

Level Percent Amortization Method – Amortization payments are calculated so that they increase at a constant percentage over a given number of years. The dollar amount of the payments generally will increase over time due to inflation; however the percentage increases in these payments can be expected to remain level.

Note: The OPEB and Stipend Tables are based upon a 24-year and 2-year amortization period, respectively.

District OPEB Liability

Based upon the actuarial assumptions and projections described herein as determined by the census, benefit and premium data provided by the District, the OPEB liability, including any implicit rate subsidy resulting from assumed self-payments, as of July 1, 2014 is as follows:

Other Post Employment Liability		
	Level \$ Amortization	Level % Amortization
1 Normal Cost with interest to end of year	\$ 42,750	\$ 42,750
2 Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,442,705	\$ 1,442,705
3 24-yr. Amortization of UAAL	\$ 109,697	\$ 82,419
4 Annual Required Contribution (ARC)	\$ 152,447	\$ 125,168

Detailed calculations for the above results can be found in the OPEB Tables C and D.

District Stipend (Supplemental Pension) Liability

Based upon actuarial assumptions and projections described herein as determined by the census and benefit data provided by the District, the total post-employment stipend liability as of July 1, 2014 is as follows:

Supplemental Pension Liability		
	Level \$ Amortization	Level % Amortization
1 Normal Cost with interest to end of year	\$ 1,436	\$ 1,436
2 Unfunded Actuarial Accrued Liability (UAAL)	\$ 73,632	\$ 73,632
3 2-yr. Amortization of UAAL	\$ 39,039	\$ 38,474
4 Annual Supplemental Pension Cost	\$ 40,476	\$ 39,910

Detailed calculations for the above results can be found in the Stipend Tables C and D.

Discussion of Valuation Methods and Assumptions

The valuation was based upon the data provided by the District. In performing this study we utilized the premium rate history of the District’s medical plan and projected a stream of expected premium rates for each year in the future based on the data as of July 1, 2014. As such, future trends and expected costs were derived from historical premium rates for actives and retirees.

Trend and retirement age are the most sensitive assumptions. Changes in these assumptions have the largest impact on the amount of liabilities. Furthermore, all of the demographic assumptions used for this report (i.e. other than trend, salary, payroll growth, expected discount rate, percent electing coverage and percent electing family coverage) are approximately the same as those used in the December 31, 2013 WRS annual report. The assumptions are shown in the technical appendices.

This is a subsequent valuation of the District’s post-employment liabilities. Since the prior study, the District has continued to fund its post-employment OPEB liability thru its Trust. As such, the Trust balance as of the valuation date was incorporated in this study to offset the District’s unfunded actuarial accrued OPEB liability. A discount rate of 5.50% (as the expected long-term yield on the trust) was used in this valuation in calculating the OPEB liability.

In calculating the District’s stipend liability, a discount rate of 4.0% (as the expected yield on general assets) was used in this valuation in calculating the post-employment liabilities. It was assumed that the District would continue to fund its retiree cash-related benefits out of its general fund assets on a pay-as-you-go basis.

Pay-As-You-Go (Table I)

GASB requires all public entities to identify and include their post-employment liability in their financial statements. However, at this time GASB does not require any public entity to fund this liability. Since many districts currently provide for post-employment benefits on a pay-as-you-go basis, we have included OPEB Table I. This table illustrates, based

upon the assumptions used in this valuation, the District's annual liability for retiree medical benefits on a pay-as-you-go basis.

The projections illustrated in OPEB Table I are for illustrative purposes and pertain only to the liabilities incurred from those active and retired employees of the District as of July 1, 2014. In other words, it is based upon a closed valuation, such that no new hires are assumed to replace those future retirees. The valuation is based upon numerous assumptions as detailed in the technical appendix. Due to these assumptions, the likelihood of actual costs equaling the stated projections decreases for each year projecting further into the future.

A similar table to illustrate the projected stipend payments, Stipend Table I, has also been provided.

OPEB Tables

OPEB Table A

School District of Amery
Active Employees as of July, 1 2014

Age	Years of Service									Total		
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 or more				
Under 20	-	-	-	-	-	-	-	-	-	-	-	
20 - 24	2	-	-	-	-	-	-	-	-	-	2	
25 - 29	5	3	-	-	-	-	-	-	-	-	8	
30 - 34	4	5	1	-	-	-	-	-	-	-	10	Averages:
35 - 39	3	2	10	-	-	-	-	-	-	-	15	Age: 45.1
40 - 44	1	5	7	7	4	-	-	-	-	-	24	Service: 15.1
45 - 49	1	5	7	5	6	-	-	-	-	-	24	
50 - 54	-	1	-	5	4	7	2	-	-	-	19	
55 - 59	-	-	1	2	6	9	-	-	-	-	18	
60 - 64	-	-	-	1	1	1	-	-	-	-	3	
65 and over	-	-	-	-	1	2	-	-	-	-	3	
Total	16	21	26	20	22	19	2	-	-	-	126	

OPEB Table B1

School District of Amery
All Members by Medical Coverage as of July, 1 2014

	Actives				Retirees			
	Single	Family	Waived	Total	Single	Family	Waived	Total
<i>Administration</i>	-	14	-	14	-	2	-	2
<i>Teachers</i>	7	87	18	112	15	13		28
Totals	7	101	18	126	15	15	-	30

Notes:

OPEB Table B2

School District of Amery
Members by Eligibility as of July, 1 2014

	Actives			Retirees
	Fully Eligible	Not Fully Eligible	Total	Total
<i>Administration</i>	4	8	12	2
<i>Teachers</i>	12	40	52	28
<i>Totals</i>	16	48	64	30

Full Eligibility is met if, as of 7/1/2014 , the member has met the age and service requirements as stated in the plan provisions.

OPEB Table C

School District of Amery
 Determination of Normal Cost, Actuarial Accrued Liability (AAL)
 and Unfunded Actuarial Accrued Liability (UAAL) as of July, 1 2014

Total Incurred OPEB Liabilities

	<i>Administration</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost as of 7/1/2014	7,214	33,307	40,521
2. Actuarial accrued liability as of 7/1/2014			
a. Current Retiree AAL	89,712	827,263	916,975
b. Future Retiree AAL	163,437	834,932	998,369
c. Total AAL (#2a + #2b)	253,149	1,662,195	1,915,344
3. Actuarial value of assets	62,468	410,171	472,639
4. Unfunded actuarial accrued liability [#2c - #3]	\$190,681	\$1,252,024	\$1,442,705

OPEB Table D - Level % Amortization

School District of Amery
 Determination of 2014-2015 Fiscal Year Annual Required Contribution (ARC)

Total Incurred OPEB Liabilities

	<i>Administration</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost			
a. Beginning of year	\$7,214	\$33,307	\$40,521
b. With interest to end of year	7,611	35,139	\$42,750
2. Expected payroll for 2014-2015 fiscal year	n/a	n/a	n/a
3. Unfunded actuarial accrued liability	190,681	1,252,024	\$1,442,705
4. 24 year amortization of UAAL as a level percent method			
a. Dollars	10,893	71,526	\$82,419
b. Percent of payroll	n/a	n/a	n/a
5. Annual required contribution (ARC)			
a. Normal cost	7,611	35,139	\$42,750
b. Amortization	10,893	71,526	\$82,419
c. Total contribution [a + b]	\$18,504	\$106,664	\$125,168

OPEB Table D - Level \$ Amortization

School District of Amery
 Determination of 2014-2015 Fiscal Year Annual Required Contribution (ARC)

Total Incurred OPEB Liabilities

	<i>Administration</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost			
a. Beginning of year	\$7,214	\$33,307	40,521
b. With interest to end of year	7,611	35,139	42,750
2. Expected payroll for 2014-2015 fiscal year	n/a	n/a	n/a
3. Unfunded actuarial accrued liability	190,681	1,252,024	1,442,705
4. 24 year amortization of UAAL as a level dollar method			
a. Dollars	14,499	95,199	109,697
b. Percent of payroll	n/a	n/a	n/a
5. Annual required contribution (ARC)			
a. Normal cost	7,611	35,139	42,750
b. Amortization	14,499	95,199	109,697
c. Total contribution [a + b]	\$22,109	\$130,338	152,447

OPEB Table E - Level % Amortization

School District of Amery

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending June, 30 2015

	<u>Total</u>
Annual required contribution (ARC)	\$125,168
Interest on net OPEB obligation	65,283
Adjustment to annual required contribution	(67,809)
Annual OPEB cost (expense)	\$122,643
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$1,186,967
Net OPEB obligation - end of year	TBD

History of OPEB Cost, Percentage Of Annual Contribution and Net OPEB Obligation

Valuation Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$664,371	78.8%	\$780,419
6/30/2013	563,489	70.2%	948,438
6/30/2014	560,224	57.4%	1,186,967
6/30/2015	122,643	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

OPEB Table E - Level \$ Amortization

School District of Amery

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending June, 30 2015

	<u>Total</u>
Annual required contribution (ARC)	\$152,447
Interest on net OPEB obligation	65,283
Adjustment to annual required contribution	(90,252)
Annual OPEB cost (expense)	\$127,478
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$1,186,967
Net OPEB obligation - end of year	TBD

History of OPEB Cost, Percentage Of Annual Contribution and Net OPEB Obligation

Valuation Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$664,371	78.80%	\$780,419
6/30/2013	563,489	70.20%	948,438
6/30/2014	560,224	57.40%	1,186,967
6/30/2015	127,478	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

OPEB Table F

School District of Amery
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age Normal Level % of Salary	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a) / c)
7/1/2010	\$233,185	\$5,959,634	\$5,726,449	4%	8,195,363	69.9%
7/1/2012	\$367,273	\$5,461,852	\$5,094,579	7%	8,051,764	63.3%
7/1/2014	\$472,639	\$1,915,344	\$1,442,705	25%	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

OPEB Table G

School District of Amery
Significant Methods and Assumptions

Actuarial valuation date	7/1/2014
Actuarial cost method	Entry Age Normal - Level % of Salary
Amortization method	24 year closed level dollar & level percent
Remaining amortization period	24 years
Asset valuation method	Market value
Actuarial Assumptions	
Investment rate of return *	5.50%
Projected payroll increases (for level amortization of pay only)	3.00%
Medical care trend*	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter

* Implicit in this rate is an assumed rate of inflation of 3.00%

OPEB Table H - Level % Amortization
School District of Amery
Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities

Fiscal Year Ending	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amort. Factor	OPEB Cost	Contribution	Change in Net OPEB Obligation	Net OPEB Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6/30/2014	\$578,757	47,422	(65,955)		\$560,224	(321,695)	238,529	\$1,186,967
6/30/2015	\$125,168	65,283	(67,809)	17.50	122,643	TBD	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

OPEB Table H - Level \$ Amortization
School District of Amery
Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities

Fiscal Year Ending	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amort. Factor	OPEB Cost	Contribution	Change in Net OPEB Obligation	Net OPEB Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6/30/2014	\$578,757	47,422	(65,955)		\$560,224	(321,695)	238,529	\$1,186,967
6/30/2015	\$152,447	65,283	(90,252)	13.15	127,478	TBD	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

OPEB Table I

School District of Amery

Pay As You Go

Projection of Medical, Dental and HRA Contributions (30 Year Projection)

A	B	C	D	E	F	G
Fiscal Year Beginning	Expected Total Premiums	District's Premium Contribution	Total OPEB Value	District's OPEB Liability (C + F)	Implicit Rate Subsidy (D - B)	Cost → Value
2014	\$315,626	\$221,544	\$419,982	\$325,900	\$104,356	1.3306
2015	\$281,941	\$192,634	\$370,396	\$281,090	\$88,456	1.3137
2016	\$278,854	\$181,628	\$357,458	\$260,232	\$78,604	1.2819
2017	\$192,427	\$143,791	\$226,546	\$177,911	\$34,119	1.1773
2018	\$214,770	\$162,461	\$247,707	\$195,398	\$32,937	1.1534
2019	\$223,792	\$181,969	\$255,373	\$213,550	\$31,581	
2020	\$213,235	\$190,637	\$232,431	\$209,833	\$19,196	
2021	\$201,192	\$196,284	\$210,039	\$205,131	\$8,847	
2022	\$182,956	\$182,956	\$182,956	\$182,956	\$0	
2023	\$163,430	\$163,430	\$163,430	\$163,430	\$0	
2024	\$143,625	\$143,625	\$143,625	\$143,625	\$0	
2025	\$122,505	\$122,505	\$122,505	\$122,505	\$0	
2026	\$126,114	\$126,114	\$126,114	\$126,114	\$0	
2027	\$120,776	\$120,776	\$120,776	\$120,776	\$0	
2028	\$92,603	\$92,603	\$92,603	\$92,603	\$0	
2029	\$90,231	\$90,231	\$90,231	\$90,231	\$0	
2030	\$88,709	\$88,709	\$88,709	\$88,709	\$0	
2031	\$87,163	\$87,163	\$87,163	\$87,163	\$0	
2032	\$69,345	\$69,345	\$69,345	\$69,345	\$0	
2033	\$53,605	\$53,605	\$53,605	\$53,605	\$0	
2034	\$51,931	\$51,931	\$51,931	\$51,931	\$0	
2035	\$40,204	\$40,204	\$40,204	\$40,204	\$0	
2036	\$42,379	\$42,379	\$42,379	\$42,379	\$0	
2037	\$36,767	\$36,767	\$36,767	\$36,767	\$0	
2038	\$24,853	\$24,853	\$24,853	\$24,853	\$0	
2039	\$17,993	\$17,993	\$17,993	\$17,993	\$0	
2040	\$6,510	\$6,510	\$6,510	\$6,510	\$0	
2041	\$5,845	\$5,845	\$5,845	\$5,845	\$0	
2042	\$0	\$0	\$0	\$0	\$0	
2043	\$0	\$0	\$0	\$0	\$0	

When Funding the Trust: Pay-As-You-Go amount plus Implicit Rate Subsidy: Multiply factor in column **G** times Pay-As-You-Go amount, the result is the amount to be paid to Fund Trust. The difference between the two amounts is the Implicit Rate Subsidy.

OPEB Technical Appendix

School District of Amery Post Employment Benefit Summary

Administrators & Teachers

Hired Prior to July 1, 2004										
Eligibility	OPEB									
At least age 56 with a minimum of 15 years of service with the District	<p><u>HRA Premium Only Contributions:</u> The District shall contribute \$9,000 annually to retirees Premium Only HRA for 8 years or until Medicare eligibility; whichever occurs first.</p>									
	Non-OPEB									
	<p><u>Stipend:</u> The retiree shall receive a one-time (lump sum) cash payment per the following scale:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">School Year</th> <th style="text-align: center;">Amount of Stipend</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2014-15</td> <td style="text-align: center;">\$ 8,000</td> </tr> <tr> <td style="text-align: center;">2015-16</td> <td style="text-align: center;">\$ 6,000</td> </tr> <tr> <td style="text-align: center;">2016-17</td> <td style="text-align: center;">\$ 4,000</td> </tr> <tr> <td style="text-align: center;">2017-18</td> <td style="text-align: center;">\$ 2,000</td> </tr> </tbody> </table>	School Year	Amount of Stipend	2014-15	\$ 8,000	2015-16	\$ 6,000	2016-17	\$ 4,000	2017-18
School Year	Amount of Stipend									
2014-15	\$ 8,000									
2015-16	\$ 6,000									
2016-17	\$ 4,000									
2017-18	\$ 2,000									
<p>Note:</p> <ul style="list-style-type: none"> • <i>The above HRA contributions shall be paid out as follows: \$ 4,500 payment on or before January 31st and on or before July 31st</i> • <i>Those hired on or after July 1, 2004 will not be eligible for District-provided post-employment benefit of any kind upon their retirement. Rather they will receive an HRA that is to be funded during their active employment.</i> 										

OPEB Actuarial Assumptions

1. Actuarial Valuation Date	July 1, 2014
2. Actuarial Cost Method	<u>Entry Age Normal – Level % of Salary</u> : Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The normal cost is equal to the valuation salary multiplied by the present value of benefits divided by the present value of future salaries, measured as of the date of hire. The accrued liability is equal to the present value of projected benefits minus the present value of future normal costs, measured as of the valuation date.
3. Interest Rate	Discount rate for valuing liabilities – 5.50% Interest rate on plan assets – 5.50% Implicit in these rates is a 3.00% assumed rate of inflation
4. Level Percent Increase	3.00% – Used only for level percent amortization of Unfunded Actuarial Accrued Liability
5. Amortization Method	24 year closed level percent & level dollar method
6. Remaining Amortization Period	24 years
7. Asset Valuation Method	Market Value

8. Retirement Rates	<p><i>Early Retirement</i></p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>55</td><td>12.0%</td><td>11.0%</td></tr> <tr><td>56</td><td>12.0</td><td>11.0</td></tr> <tr><td>57</td><td>12.0</td><td>11.0</td></tr> <tr><td>58</td><td>12.0</td><td>11.0</td></tr> <tr><td>59</td><td>12.0</td><td>11.0</td></tr> <tr><td>60</td><td>12.0</td><td>15.0</td></tr> <tr><td>61</td><td>12.0</td><td>15.0</td></tr> <tr><td>62</td><td>20.0</td><td>20.0</td></tr> <tr><td>63</td><td>20.0</td><td>20.0</td></tr> <tr><td>64</td><td>20.0</td><td>20.0</td></tr> <tr><td>65</td><td>100.0</td><td>100.0</td></tr> </tbody> </table> <p><i>Regular Retirement (30 or more years of service)</i></p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>57</td><td>40%</td><td>27%</td></tr> <tr><td>58</td><td>35</td><td>27</td></tr> <tr><td>59</td><td>25</td><td>27</td></tr> <tr><td>60</td><td>28</td><td>27</td></tr> <tr><td>61</td><td>25</td><td>27</td></tr> <tr><td>62</td><td>36</td><td>34</td></tr> <tr><td>63</td><td>32</td><td>27</td></tr> <tr><td>64</td><td>24</td><td>23</td></tr> <tr><td>65</td><td>100</td><td>100</td></tr> </tbody> </table> <p>No employees are assumed to retire prior to becoming eligible for benefits</p>	<u>Age</u>	<u>Male</u>	<u>Female</u>	55	12.0%	11.0%	56	12.0	11.0	57	12.0	11.0	58	12.0	11.0	59	12.0	11.0	60	12.0	15.0	61	12.0	15.0	62	20.0	20.0	63	20.0	20.0	64	20.0	20.0	65	100.0	100.0	<u>Age</u>	<u>Male</u>	<u>Female</u>	57	40%	27%	58	35	27	59	25	27	60	28	27	61	25	27	62	36	34	63	32	27	64	24	23	65	100	100
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10. Separation Rates	<p>Select and ultimate termination rates at sample ages and years of service are shown below:</p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Service</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td></td><td>0</td><td>17.7%</td><td>15.0%</td></tr> <tr><td></td><td>1</td><td>11.4</td><td>10.5</td></tr> <tr><td></td><td>2</td><td>7.3</td><td>7.1</td></tr> <tr><td></td><td>3</td><td>5.2</td><td>5.5</td></tr> <tr><td></td><td>4</td><td>3.9</td><td>4.6</td></tr> <tr><td></td><td>5</td><td>3.0</td><td>4.0</td></tr> <tr><td></td><td>6</td><td>2.8</td><td>3.5</td></tr> <tr><td></td><td>7</td><td>2.5</td><td>3.0</td></tr> <tr><td></td><td>8</td><td>2.0</td><td>2.5</td></tr> <tr><td></td><td>9</td><td>1.8</td><td>2.3</td></tr> <tr><td>25</td><td>10 or more</td><td>1.8</td><td>2.2</td></tr> <tr><td>30</td><td></td><td>1.4</td><td>1.9</td></tr> <tr><td>35</td><td></td><td>1.2</td><td>1.4</td></tr> <tr><td>40</td><td></td><td>1.1</td><td>1.1</td></tr> <tr><td>45</td><td></td><td>1.0</td><td>0.9</td></tr> <tr><td>50</td><td></td><td>1.0</td><td>0.9</td></tr> <tr><td>55</td><td></td><td>1.0</td><td>0.9</td></tr> <tr><td>60</td><td></td><td>1.0</td><td>0.9</td></tr> </tbody> </table> <p>No separation rates are assumed after eligibility for retirement</p>	<u>Age</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>		0	17.7%	15.0%		1	11.4	10.5		2	7.3	7.1		3	5.2	5.5		4	3.9	4.6		5	3.0	4.0		6	2.8	3.5		7	2.5	3.0		8	2.0	2.5		9	1.8	2.3	25	10 or more	1.8	2.2	30		1.4	1.9	35		1.2	1.4	40		1.1	1.1	45		1.0	0.9	50		1.0	0.9	55		1.0	0.9	60		1.0	0.9
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<p>12. Medical Trend (Annual Increases)</p>	<p><u>Year</u></p> <p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18 & over</p>	<p><u>Medical</u></p> <p>7.5%</p> <p>7.0</p> <p>6.5</p> <p>6.4</p> <p>6.3</p> <p>6.2</p> <p>6.1</p> <p>6.0</p> <p>5.9</p> <p>5.8</p> <p>5.7</p> <p>5.6</p> <p>5.5</p> <p>5.4</p> <p>5.3</p> <p>5.2</p> <p>5.1</p> <p>5.0</p>
<p>13. Salary Merit Scale (Annual Increases)</p>	<p><u>Service</u></p> <p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p>	<p><u>Increase</u></p> <p>5.8%</p> <p>5.8</p> <p>5.4</p> <p>5.1</p> <p>4.7</p> <p>3.2</p> <p>1.8</p> <p>0.8</p> <p>0.4</p> <p>0.2</p> <p>The assumed salary inflation of 3.0% per year is added to these merit increases to get the total assumed increase in salary</p>

<p>14. Age Related Health Care Cost</p>	<p>2014/2015 monthly medical premium rates under the District’s plan were \$739.16 and \$1,623.86 (Single and Family, respectively).</p> <p>Health care costs are assumed to increase each year of age separate from trend due to increased cost of older participants, as follows:</p> <table data-bbox="876 457 1161 724"> <thead> <tr> <th><u>Age</u></th> <th><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td>Under 40</td> <td>5.0%</td> </tr> <tr> <td>40-44</td> <td>4.5%</td> </tr> <tr> <td>45-49</td> <td>4.0%</td> </tr> <tr> <td>50-54</td> <td>3.3%</td> </tr> <tr> <td>55-59</td> <td>3.6%</td> </tr> <tr> <td>60-64</td> <td>4.2%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Rate</u>	Under 40	5.0%	40-44	4.5%	45-49	4.0%	50-54	3.3%	55-59	3.6%	60-64	4.2%
<u>Age</u>	<u>Rate</u>														
Under 40	5.0%														
40-44	4.5%														
45-49	4.0%														
50-54	3.3%														
55-59	3.6%														
60-64	4.2%														
<p>15. Percent with Coverage at Retirement</p>	<p>No currently active employees are assumed to participate in the District’s health plan in retirement</p>														
<p>16. Spouses’ Age</p>	<p>Males are assumed to be three years older than their spouses</p>														

Stipend Tables

Stipend Table B2

School District of Amery
Members by Eligibility as of July, 1 2014

	Actives			Retirees
	Fully Eligible	Not Fully Eligible	Total Eligible	Total Eligible
<i>Administration</i>	4	6	10	1
<i>Teachers</i>	13	61	74	4
Totals	17	67	84	5

Full Eligibility is met if, as of 7/1/2014 , the member has met the age and service requirements as stated in the plan provisions.

Stipend Table C

School District of Amery
 Determination of Normal Cost, Actuarial Accrued Liability (AAL)
 and Unfunded Actuarial Accrued Liability (UAAL) as of July, 1 2014

Total Incurred Non-OPEB Liabilities

	<i>Administration</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost as of 7/1/2014	\$326	\$1,055	\$1,381
2. Actuarial accrued liability as of 7/1/2014			
a. Current retiree AAL	9,615	0	9,615
b. Future retiree AAL	17,075	46,942	64,017
c. Total AAL [#2a + #2b]	26,690	46,942	73,632
3. Actuarial value of assets	0	0	0
4. Unfunded actuarial accrued liability [#2c - #3]	\$26,690	\$46,942	\$73,632

Stipend Table D - Level % Amortization

School District of Amery
 Determination of 2014-2015 Fiscal Year Annual Required Contribution (ARC)

Total Incurred Non-OPEB Liabilities

	<i>Administration</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost			
a. Beginning of year	\$326	\$1,055	\$1,381
b. With interest to end of year	339	1,097	1,436
2. Expected payroll for 2014-2015 fiscal year	n/a	n/a	n/a
3. Unfunded actuarial accrued liability (UAAL)	26,690	46,942	73,632
4. 2 year amortization of UAAL as a level percent method			
a. Dollars	13,946	24,528	38,474
b. Percent of payroll	n/a	n/a	n/a
5. Annual supplemental pension cost			
a. Normal cost	339	1,097	1,436
b. Amortization	13,946	24,528	38,474
c. Total cost [a + b]	\$14,285	\$25,625	\$39,910

Stipend Table D - Level \$ Amortization

School District of Amery
 Determination of 2014-2015 Fiscal Year Annual Required Contribution (ARC)

Total Incurred Non-OPEB Liabilities

	<i>Administration</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost			
a. Beginning of year	\$326	\$1,055	\$1,381
b. With interest to end of year	339	1,097	1,436
2. Expected payroll for 2014-2015 fiscal year	n/a	n/a	n/a
3. Unfunded actuarial accrued liability (UAAL)	26,690	46,942	73,632
4. 2 year amortization of UAAL as a level dollar method			
a. Dollars	14,151	24,888	39,039
b. Percent of payroll	n/a	n/a	n/a
5. Annual supplemental pension cost			
a. Normal cost	339	1,097	1,436
b. Amortization	14,151	24,888	39,039
c. Total cost [a + b]	\$14,490	\$25,986	\$40,476

Stipend Table E - Level % Amortization

School District of Amery

Annual Pension Cost and Net Pension Obligation for the Fiscal Year Ending June, 30 2015

	<u>Total</u>
Annual required pension cost (APC)	\$39,910
Interest on net pension obligation	1,173
Adjustment to APC	(15,327)
Annual pension cost (expense)	\$25,756
Contributions made	TBD
Change in net pension obligation	TBD
Net pension obligation - beginning of year	\$29,334
Net pension obligation - end of year	TBD

History of Pension Cost, Percentage Of Annual Contribution and Net Pension Obligation

Valuation Year Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2012	\$62,919	34.2%	\$23,023
6/30/2013	46,251	93.1%	26,214
6/30/2014	46,180	93.2%	29,334
6/30/2015	25,756	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

Stipend Table E - Level \$ Amortization

School District of Amery

Annual Pension Cost and Net Pension Obligation for the Fiscal Year Ending June, 30 2015

	<u>Total</u>
Annual required pension cost (APC)	\$40,476
Interest on net pension obligation	1,173
Adjustment to APC	(15,553)
Annual pension cost (expense)	\$26,096
Contributions made	TBD
Change in net pension obligation	TBD
Net pension obligation - beginning of year	\$29,334
Net pension obligation - end of year	TBD

History of Pension Cost, Percentage Of Annual Contribution and Net Pension Obligation

Valuation Year Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
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6/30/2014	46,180	93.20%	29,334
6/30/2015	26,096	TBD	TBD

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Stipend Table F
School District of Amery
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age Normal Level % of Salary	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a) / c)
7/1/2010	\$0	\$511,966	\$511,966	0%	\$8,195,363	6.2%
7/1/2012	0	427,834	427,834	0%	8,051,764	5.3%
7/1/2014	0	73,632	73,632	0%	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

Stipend Table G

School District of Amery
 Significant Methods and Assumptions

Actuarial valuation date	7/1/2014
Actuarial cost method	Entry Age Normal - Level % of Salary
Amortization method	2 year open level dollar & level percent
Remaining amortization period	2 years
Asset valuation method	Market value
Actuarial Assumptions	
Investment rate of return *	4.00%
Projected payroll increases (for level amortization of pay only)	3.00%

* Implicit in this rate is an assumed rate of inflation of 3.00%

Stipend Table H - Level % Amortization

School District of Amery
 Historical Development of Annual Net Supplemental Pension Obligation

Total Incurred Stipend Liabilities

Fiscal Year Ending	Annual Supplemental Required Contribution	Interest on Net Supplemental Pension Obligation	Annual Supplemental Pension Cost Adjustment	Amort. Factor	Supplemental Pension Cost	Contribution	Change in Net Supplemental Pension Obligation	Net Supplemental Pension Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6/30/2014	\$46,773	1,041	(1,634)		\$46,180	(43,060)	3,120	\$29,334
6/30/2015	\$39,910	1,173	(15,327)	1.91	\$25,756	TBD	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

Stipend Table H - Level \$ Amortization

School District of Amery
Historical Development of Annual Net Supplemental Pension Obligation

Total Incurred Stipend Liabilities

Fiscal Year Ending	Annual Supplemental Required Contribution	Interest on Net Supplemental Pension Obligation	Annual Supplemental Pension Cost Adjustment	Amort. Factor	Supplemental Pension Cost	Contribution	Change in Net Supplemental Pension Obligation	Net Supplemental Pension Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6/30/2014	\$46,773	1,041	(1,634)		\$46,180	(43,060)	3,120	\$29,334
6/30/2015	\$40,476	1,173	(15,553)	1.89	\$26,096	TBD	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

Stipend Table I
 School District of Amery
 Pay As You Go
 Projection of Stipend Payments

<i>Fiscal Year Beginning</i>	<i>Expected Total Payouts</i>
2014	\$48,320
2015	\$14,914
2016	\$11,661
2017	\$8,235
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0
2027	\$0
2028	\$0
2029	\$0
2030	\$0
2031	\$0
2032	\$0
2033	\$0
2034	\$0
2035	\$0
2036	\$0
2037	\$0
2038	\$0
2039	\$0
2040	\$0
2041	\$0
2042	\$0
2043	\$0

Stipend Technical Appendix

Stipend Actuarial Assumptions

1. Actuarial Valuation Date	July 1, 2014																						
2. Actuarial Cost Method	<u>Entry Age Normal – Level % of Salary</u> : Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The normal cost is equal to the valuation salary multiplied by the present value of benefits divided by the present value of future salaries, measured as of the date of hire. The accrued liability is equal to the present value of projected benefits minus the present value of future normal costs, measured as of the valuation date.																						
3. Interest Rate	Discount rate for valuing liabilities – 4.00% Interest rate on plan assets – 4.00% Implicit in these rates is 3.00% assumed rate of inflation																						
4. Salary Merit Scale (Annual Increases)	<table border="1"> <thead> <tr> <th><u>Service</u></th> <th><u>Increase</u></th> </tr> </thead> <tbody> <tr><td>1</td><td>5.8%</td></tr> <tr><td>2</td><td>5.8</td></tr> <tr><td>3</td><td>5.4</td></tr> <tr><td>4</td><td>5.1</td></tr> <tr><td>5</td><td>4.7</td></tr> <tr><td>10</td><td>3.2</td></tr> <tr><td>15</td><td>1.8</td></tr> <tr><td>20</td><td>0.8</td></tr> <tr><td>25</td><td>0.4</td></tr> <tr><td>30</td><td>0.2</td></tr> </tbody> </table> <p>The assumed salary inflation of 3.0% per year is added to these merit increases to get the total assumed increase in salary</p>	<u>Service</u>	<u>Increase</u>	1	5.8%	2	5.8	3	5.4	4	5.1	5	4.7	10	3.2	15	1.8	20	0.8	25	0.4	30	0.2
<u>Service</u>	<u>Increase</u>																						
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4	5.1																						
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10	3.2																						
15	1.8																						
20	0.8																						
25	0.4																						
30	0.2																						
5. Level Percent Increase	3.00% – Used only for level percent amortization of Unfunded Actuarial Accrued Liability																						
6. Amortization Method	2 year open level percent & level dollar method																						
7. Remaining Amortization Period	2 years																						
8. Asset Valuation Method	Market Value																						

9. Retirement Rates	<p><i>Early Retirement</i></p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>55</td><td>12.0%</td><td>11.0%</td></tr> <tr><td>56</td><td>12.0</td><td>11.0</td></tr> <tr><td>57</td><td>12.0</td><td>11.0</td></tr> <tr><td>58</td><td>12.0</td><td>11.0</td></tr> <tr><td>59</td><td>12.0</td><td>11.0</td></tr> <tr><td>60</td><td>12.0</td><td>15.0</td></tr> <tr><td>61</td><td>12.0</td><td>15.0</td></tr> <tr><td>62</td><td>20.0</td><td>20.0</td></tr> <tr><td>63</td><td>20.0</td><td>20.0</td></tr> <tr><td>64</td><td>20.0</td><td>20.0</td></tr> <tr><td>65</td><td>100.0</td><td>100.0</td></tr> </tbody> </table> <p><i>Regular Retirement (30 or more years of service)</i></p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>57</td><td>40%</td><td>27%</td></tr> <tr><td>58</td><td>35</td><td>27</td></tr> <tr><td>59</td><td>25</td><td>27</td></tr> <tr><td>60</td><td>28</td><td>27</td></tr> <tr><td>61</td><td>25</td><td>27</td></tr> <tr><td>62</td><td>36</td><td>34</td></tr> <tr><td>63</td><td>32</td><td>27</td></tr> <tr><td>64</td><td>24</td><td>23</td></tr> <tr><td>65</td><td>100</td><td>100</td></tr> </tbody> </table> <p>No employees are assumed to retire prior to becoming eligible for benefits</p>	<u>Age</u>	<u>Male</u>	<u>Female</u>	55	12.0%	11.0%	56	12.0	11.0	57	12.0	11.0	58	12.0	11.0	59	12.0	11.0	60	12.0	15.0	61	12.0	15.0	62	20.0	20.0	63	20.0	20.0	64	20.0	20.0	65	100.0	100.0	<u>Age</u>	<u>Male</u>	<u>Female</u>	57	40%	27%	58	35	27	59	25	27	60	28	27	61	25	27	62	36	34	63	32	27	64	24	23	65	100	100
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