

Key Benefit Concepts, LLC

School District of Amery



Accounting Report of Liabilities for Participants'
Post Employment Benefits as of June 30, 2016

July 2017



This report, its text, charts, content and formatting are subject to copyright protection and are the exclusive property of Key Benefit Concepts, LLC.

KBC

Table of Contents

Background and Certification	Page 2
Introduction	Page 3
District OPEBs	Page 3
Sick Leave Benefit	Page 4
Health Reimbursement Arrangement (HRA)	Page 5
Actively-Funded Benefit	Page 5
Supplemental Pension (Stipend) Benefit	Page 5
Actuarial Determined Contribution (ADC)	Page 5
District OPEB Liability	Page 6
Deferred Inflow and Outflow of Resources	Page 6
Discussion of Valuation Methods and Assumptions	Page 6
Pay-As-You-Go (Table IX)	Page 7
OPEB Tables	
OPEB Technical Appendix	

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. 74 (Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans) and Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). These Statements establish standards for the measurement, recognition, and display of Other Post-Employment Benefits (OPEB) expense/expenditures. The District's post employment benefits require compliance with the new GASB Statements for the fiscal year beginning 7/1/16; therefore, this valuation was performed and this report reflects compliance with these new statements.


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

July 24, 2017

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:

OPEB GASB 43/45	OPEB GASB 74/75
<ul style="list-style-type: none"> • <u>Actuarial Accrued Liability (AAL)</u>: The portion of the actuarial present value of benefits allocated to all periods prior to the valuation date also known as the accrued benefit. • <u>Normal Cost (NC)</u>: The portion of the actuarial present value of benefits allocated to the valuation year. • <u>Unfunded Actuarial Accrued Liability (UAAL)</u>: 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. • <u>Annual Required Contribution (ARC)</u>: 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. 	<ul style="list-style-type: none"> • <u>Total OPEB Liability (TOL)</u>: The portion of the actuarial present value of projected benefit payments attributed to past periods of employee service also known as the accrued benefit. • <u>Service Cost</u>: The portion of the actuarial present value of benefits allocated to the valuation year. • <u>Net OPEB Liability (NOL)</u>: The difference between the Total OPEB Liability and Plan Fiduciary Net Position. This amount may also be negative indicating the presence of a surplus of actuarial assets over TOL. • <u>OPEB Expense</u>: The expected cost of OPEB benefits attributed to the measurement period. • <u>Actuarially Determined Contribution (ADC)</u>: The employer's annual contribution comprised of the service cost plus the portion of the net OPEB liability to be amortized in the valuation year.

District OPEBs

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 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 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 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.

Of the currently active employees covered in the District's health plan, 60% are assumed to remain covered in retirement for the duration of COBRA. The implicit subsidy associated with this assumption was calculated and included in this valuation.

Sick Leave Benefit

The District will provide eligible Administrators and Teachers hired on or after July 1, 2004 with a sick leave contributions of \$1,000 for every 50 days of accumulated sick leave paid into their HRA during active years of service.

According to current GASB regulations, only the implicit rate subsidy incurred from use of the converted sick leave monies towards continued medical coverage is considered an OPEB and should be accounted for under GASB Statement 75. The sick days themselves, whether paid out in cash or applied towards continued medical coverage, are still regarded as a termination benefit and should be accounted for under GASB Statement 16 as a compensated absence.

As noted above, it was assumed that 60% of active employees currently covered on the District's group plan would remain covered upon retirement for the duration of COBRA.

Health Reimbursement Arrangement (HRA) for Deductible Reimbursement

It was noted by the District that eligible retirees receive a high deductible reimbursement up to \$1,200 for single and \$2,400 for family coverage. These contributions were included in this OPEB valuation. Further, the \$1,200/single; \$2,400/family contributions were assumed not to increase in the future.

Actively-Funded Benefit

For Administrators and Teachers hired on or after July 1, 2004, the District will make contributions into a Health Reimbursement Arrangement during active years of service upon completion of the employee's 10th and 15th years of employment. These funds may be used upon retirement to reimbursement premium to remain on the District's plan only for COBRA or with an outside provider. Further, this benefit is funded into an irrevocable account identified by individual and such contributions are made annually in the year the benefit is earned. Thus, the benefit is considered an actively funded benefit and was not included in the post-employment valuation.

Supplemental Pension (Stipend) Benefit

Certain active employees are eligible for a cash or cash-equivalent benefit upon retirement. GASB has identified such post-employment benefits as a pension benefit rather than an OPEB. Valuation of Stipend benefits was performed and is provided in a separate report.

Actuarial Determined Contribution (ADC)

Since this valuation is based upon a measurement period 12 months prior to the reporting period, the ADC shown in Table VII was determined in the prior valuation using a 24-year amortization period and the level dollar amortization method.

An amortization schedule is provided based upon the District's Net OPEB Liability measured as of June 30, 2016 so that the District is able to direct the amortization period and method to use in future reporting periods ending June 30, 2017 and June 30, 2018.

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). 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.

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 liabilities as of June 30, 2016 are as follows:

Other Post Employment Liability		
1	Total OPEB Liability (TOL)	\$ 2,142,370
2	Fiduciary Net Position (FNP)	\$ 652,134
3	Net OPEB Liability (NOL)	\$ 1,490,236

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

Deferred Inflow and Outflow of Resources

This is the initial period in which GASB Statement 75 will be adopted; therefore, it was determined impractical, pursuant to paragraph 244 of GASB Statement 75, to determine deferred inflows or outflows of resources due to change in benefit terms, differences between expected and actual experience, or change of assumption or other input.

District contributions subsequent to the measurement date will be recognized as a deferred outflow of resources and a reduction in the Net OPEB Liability in the year ended June 30, 2017. Other amounts reported as deferred inflows and outflows will be recognized in the OPEB expense according to Table V.

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 as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2016.

New GASB guidelines require that actuarial valuations of OPEB benefits use the entry-age normal actuarial method in the future. Since this OPEB valuation is based upon compliance with GASB Statement and 75, this valuation was performed using the entry-age normal actuarial method for OPEB.

The valuation date and measurement date are June 30, 2016. This valuation is eligible for reporting periods ending June 30, 2017 and June 30, 2018, though the accompanying exhibits are only valid for the reporting period ending June 30, 2017.

Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Since the District invests assets solely in a fixed interest account, the long-term expected rate of return on OPEB plan investments was based upon the 20-year AA municipal bond rate and applied to all periods of projected benefit payments to determine the total OPEB liability. The assumptions are detailed in the OPEB Technical Appendix.

A discount rate of 3.00% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 3.00%). This rate is equivalent to the Bond Buyer Go 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

Pay-As-You-Go (Table IX)

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 IX. 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 IX are for illustrative purposes and pertain only to the OPEB liabilities incurred from those eligible active and retired employees of the District as of June 30, 2016. 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.

OPEB Tables

OPEB Table I

School District of Amery
Projection of Total OPEB Liability

		Discount Rate		
		2.00%	3.00%	4.00%
Total OPEB liability	6/30/2015	\$ 2,231,734	\$ 2,140,226	\$ 2,050,397
Service cost		77,156	66,323	56,770
Interest		44,132	63,290	80,602
Benefit Payments		(127,469)	(127,469)	(127,469)
Changes of benefit terms		-	-	-
Differences between expected and actual experience		-	-	-
Changes of assumptions or other input		-	-	-
Total OPEB liability,	6/30/2016	\$ 2,225,553	\$ 2,142,370	\$ 2,060,300

OPEB Table II

School District of Amery
Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2015	\$ 2,140,226	\$ 476,678	\$ 1,663,548
Changes for the year:			
Service Cost	66,323		66,323
Interest	63,290		63,290
Changes of benefit terms	-		-
Differences between expected and actual experience	-		-
Changes of assumptions or other input	-		-
Contributions - Employer		293,939	(293,939)
Net investment income		8,986	(8,986)
Benefit payments	(127,469)	(127,469)	-
Administrative expense		-	-
Net Changes	2,144	175,456	(173,312)
Balances at 6/30/2016	\$ 2,142,370	\$ 652,134	\$ 1,490,236

OPEB Table III

School District of Amery
Sensitivity of Net OPEB Liability to Changes in Discount Rate

	1% Decrease 2.00%	Current Discount Rate 3.00%	1% Increase 4.00%
Total OPEB Liability	\$ 2,225,553	\$ 2,142,370	\$ 2,060,300
Fiduciary Net Position	652,134	652,134	652,134
Net OPEB Liability	6/30/2016 \$ 1,573,419	6/30/2016 \$ 1,490,236	6/30/2016 \$ 1,408,166

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB Liability	\$ 2,121,251	\$ 2,142,370	\$ 2,166,394
Fiduciary Net Position	652,134	652,134	652,134
Net OPEB Liability	6/30/2016 \$ 1,469,117	6/30/2016 \$ 1,490,236	6/30/2016 \$ 1,514,260

OPEB Table IV
School District of Amery
Schedule of Changes in Net OPEB Liability and Related Ratios

	<u>2016</u>
<u>Total OPEB Liability</u>	
Service Cost	\$ 66,323
Interest	63,290
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	-
Benefit payments	(127,469)
Net change in total OPEB liability	\$ 2,144
Total OPEB liability - beginning	2,140,226
Total OPEB liability - ending (a)	\$ 2,142,370
 <u>Fiduciary Net Position</u>	
Contributions - Employer	\$ 293,939
Net investment income	8,986
Benefit payments	(127,469)
Administrative expense	-
Net change in fiduciary net position	\$ 175,456
Fiduciary net position - beginning	476,678
Fiduciary net position - ending (b)	\$ 652,134
 <u>Net OPEB Liability</u>	
Net OPEB liability -- ending (a) - (b)	\$ 1,490,236
Fiduciary net position as a percentage of the total OPEB liability	30.44%
Covered payroll	\$ 5,900,977
Net OPEB liability as a percentage of covered payroll	25.25%

OPEB Table V

School District of Amery
 Schedule of Collective Deferred Inflows and Outflows

Gain/Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other input	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
District contributions subsequent to the measurement date	TBD	-
Total	\$ -	\$ -

Deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2017	\$ -
2018	-
2019	-
2020	-
2021	-
Thereafter	-

OPEB Table VI

School District of Amery
Calculation of Collective OPEB Expense

Change in Net OPEB Liability	\$	(173,312)
(Increase)/Decrease in Deferred Outflows		-
Increase/(Decrease) in Deferred Inflows		-
Contributions - Employer		293,939
OPEB Expense	\$	120,627
<hr style="border: 1px solid black;"/>		
Operating Expenses		
Service Cost	\$	66,323
Contributions - Employee		-
Administrative expenses		-
Total (a)	\$	66,323
Financing Expenses		
Interest	\$	63,290
Actual return on assets		(8,986)
Total (b)	\$	54,304
Changes		
Benefit changes	\$	-
Recognition of assumption changes		-
Recognition of experience gains and losses		-
Recognition of investment gains and losses		-
Total (c)	\$	-
OPEB Expense (a + b + c)	\$	120,627
OPEB Expense as % of Payroll		2.04%

OPEB Table VII

School District of Amery
 Schedule of Employer Contributions
 Last 10 Fiscal Years

	2016
Actuarially Determined Contribution (ADC)	\$ 152,447
Contributions in Relation to the ADC	293,939
Contribution Deficiency/(Excess)	\$ (141,492)
Covered-Employee Payroll	\$ 5,900,977
Contributions as a percentage of Covered-Employee Payroll	4.98%

Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Amortization method	24 year Level \$
Discount rate	5.50%
Inflation	4.00%

OPEB Table VIII

School District of Amery

The major assumptions and methods used in this valuation are as follows:

1	Valuation Date	June 30, 2016
2	Measurement Date	June 30, 2016
3	Reporting Date	June 30, 2017
4	Actuarial Cost Method	Entry Age Normal (level percent of salary)
5	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
6	Discount Rate	3.00% (based upon all years of projected payments discounted at a 3.00% long-term expected rate of return)

OPEB Table IX

School District of Amery
Pay As You Go
Projection of OPEB (30 Year Projection)

A	B	C	D	E	F
Fiscal Year Beginning	Retiree Plan Premiums	District Benefit Payments	District OPEB Liability (C + E)	Implicit Rate Subsidy	Cost → Value
2016	\$ 162,484	\$ 192,458	\$ 241,608	\$ 49,150	1.3025
2017	135,524	184,544	220,711	36,167	1.2669
2018	106,075	193,979	225,816	31,838	1.3001
2019	94,635	206,776	237,799	31,023	1.3278
2020	71,324	218,254	239,968	21,714	1.3044
2021	63,923	219,813	240,274	20,461	
2022	49,603	204,823	221,628	16,806	
2023	50,119	184,146	200,196	16,050	
2024	60,057	156,332	174,905	18,573	
2025	64,807	133,169	152,687	19,518	
2026	69,076	129,177	150,625	21,448	
2027	91,307	122,665	148,998	26,333	
2028	88,239	92,210	117,811	25,600	
2029	86,306	89,468	117,300	27,831	
2030	90,406	87,488	118,718	31,230	
2031	91,016	85,195	117,677	32,483	
2032	96,076	67,492	101,325	33,833	
2033	87,404	57,926	87,323	29,397	
2034	85,560	56,401	85,366	28,965	
2035	81,272	44,394	70,770	26,376	
2036	74,329	46,981	71,579	24,598	
2037	64,536	41,401	62,981	21,580	
2038	59,813	25,481	45,017	19,536	
2039	61,287	18,533	36,889	18,356	
2040	57,556	6,761	23,420	16,660	
2041	51,663	5,967	22,416	16,449	
2042	50,456	-	17,096	17,096	
2043	50,704	-	15,845	15,845	
2044	44,403	-	13,338	13,338	
2045	43,344	-	11,691	11,691	

OPEB Table X

School District of Amery
Active Employees as of June 30, 2016

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	3	-	-	-	-	-	-	-	3
25 - 29	7	-	-	-	-	-	-	-	7
30 - 34	5	4	3	-	-	-	-	-	12
35 - 39	2	3	5	2	-	-	-	-	12
40 - 44	5	3	4	7	2	-	-	-	21
45 - 49	4	3	4	8	8	2	-	-	29
50 - 54	5	2	2	4	4	3	3	1	24
55 - 59	-	-	1	3	4	5	3	-	16
60 - 64	-	-	-	-	1	2	-	-	3
65 and over	-	-	-	-	1	2	-	-	3
Total	31	15	19	24	20	14	6	1	130

Averages:

Age: 45.3

Service: 13.9

OPEB Table XI
 School District of Amery
 All Members by Medical Coverage as of June 30, 2016

	Actives				Retirees			
	Single	Family	Waived	Total	Single	Family	Waived	Total
<i>Administrators</i>	3	10	1	14	1	1	1	3
<i>Teachers</i>	10	77	29	116	7	4	7	18
Totals	13	87	30	130	8	5	8	21

OPEB Table XII

School District of Amery
Members by Eligibility as of June 30, 2016

	Actives			Retirees
	Fully Eligible	Not Fully Eligible	Total Eligible	Total Eligible
<i>Administrators</i>	5	8	13	3
<i>Teachers</i>	13	74	87	17
<i>Totals</i>	18	82	100	20

Full Eligibility is met if, as of June 30, 2016 , the member has met the age and service requirements as stated in the plan provisions

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> At retirement, the District shall contribute \$9,000 annually (2 payments: one in January and one in July) to retirees Premium Only HRA for 8 years or until Medicare eligibility; whichever occurs first.</p> <p>These HRA funds may be used to remain on the District medical plan <u>only for the duration of COBRA</u> or with an outside provider.</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;"> <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: The above HRA contributions shall be paid out as follows: \$ 4,500 payment on or before January 31st and on or before July 31st</p>										
Hired on or After July 1, 2004										
Eligibility	Actively Funded Benefit									
Funded during active years of service	<p><u>HRA Contributions:</u> Employees shall receive an HRA that is funded during their active employment. A payment of \$5,000 will be paid into the HRA upon completion of the 10th year and another \$5,000 payment will be paid into the HRA upon completion of the 15th year.</p> <p><i>Note: Should an employee leave in the 11th year or before the 15th year, no additional or prorated contributions will be made into the HRA.</i></p> <p><u>Sick Leave Contribution:</u> An employee shall receive \$1,000 in their HRA for every 50 days of sick leave accumulated. This contribution will be made only the first time the fifty day increment is reached.</p> <p>Upon retirement, these HRA dollars are available to reimburse premiums to remain on the District's health plan <u>only for the duration of COBRA</u> or with an outside provider.</p>									

OPEB Actuarial Assumptions

1. Valuation Date	June 30, 2016
2. Measurement Date	June 30, 2016
3. Reporting Date	June 30, 2017
4. 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.
5. Interest Rate	Discount rate for valuing liabilities – 3.00% Interest rate on plan assets – 3.00% Implicit in these rates is a 2.50% assumed rate of inflation
6. Asset Valuation Method	Market Value
7. Average of Expected Remaining Service Lives	11 years

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>13.0%</td><td>12.0%</td></tr> <tr><td>56</td><td>13.0</td><td>12.0</td></tr> <tr><td>57</td><td>12.0</td><td>12.0</td></tr> <tr><td>58</td><td>13.0</td><td>12.0</td></tr> <tr><td>59</td><td>14.0</td><td>13.0</td></tr> <tr><td>60</td><td>14.0</td><td>17.0</td></tr> <tr><td>61</td><td>15.0</td><td>17.0</td></tr> <tr><td>62</td><td>21.0</td><td>23.0</td></tr> <tr><td>63</td><td>21.0</td><td>23.0</td></tr> <tr><td>64</td><td>21.0</td><td>23.0</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>36.0%</td><td>28.0%</td></tr> <tr><td>58</td><td>31.0</td><td>28.0</td></tr> <tr><td>59</td><td>24.0</td><td>28.0</td></tr> <tr><td>60</td><td>30.0</td><td>28.0</td></tr> <tr><td>61</td><td>28.0</td><td>28.0</td></tr> <tr><td>62</td><td>37.0</td><td>36.0</td></tr> <tr><td>63</td><td>32.0</td><td>30.0</td></tr> <tr><td>64</td><td>27.0</td><td>27.0</td></tr> <tr><td>65</td><td>100.0</td><td>100.0</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	13.0%	12.0%	56	13.0	12.0	57	12.0	12.0	58	13.0	12.0	59	14.0	13.0	60	14.0	17.0	61	15.0	17.0	62	21.0	23.0	63	21.0	23.0	64	21.0	23.0	65	100.0	100.0	<u>Age</u>	<u>Male</u>	<u>Female</u>	57	36.0%	28.0%	58	31.0	28.0	59	24.0	28.0	60	30.0	28.0	61	28.0	28.0	62	37.0	36.0	63	32.0	30.0	64	27.0	27.0	65	100.0	100.0
<u>Age</u>	<u>Male</u>	<u>Female</u>																																																																	
55	13.0%	12.0%																																																																	
56	13.0	12.0																																																																	
57	12.0	12.0																																																																	
58	13.0	12.0																																																																	
59	14.0	13.0																																																																	
60	14.0	17.0																																																																	
61	15.0	17.0																																																																	
62	21.0	23.0																																																																	
63	21.0	23.0																																																																	
64	21.0	23.0																																																																	
65	100.0	100.0																																																																	
<u>Age</u>	<u>Male</u>	<u>Female</u>																																																																	
57	36.0%	28.0%																																																																	
58	31.0	28.0																																																																	
59	24.0	28.0																																																																	
60	30.0	28.0																																																																	
61	28.0	28.0																																																																	
62	37.0	36.0																																																																	
63	32.0	30.0																																																																	
64	27.0	27.0																																																																	
65	100.0	100.0																																																																	
9. Mortality Rates	<p>Mortality rates at sample ages:</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>20</td><td>0.000138</td><td>0.000079</td></tr> <tr><td>25</td><td>0.000165</td><td>0.000088</td></tr> <tr><td>30</td><td>0.000206</td><td>0.000118</td></tr> <tr><td>35</td><td>0.000359</td><td>0.000210</td></tr> <tr><td>40</td><td>0.000485</td><td>0.000298</td></tr> <tr><td>45</td><td>0.000642</td><td>0.000466</td></tr> <tr><td>50</td><td>0.000866</td><td>0.000690</td></tr> <tr><td>55</td><td>0.002011</td><td>0.001221</td></tr> <tr><td>60</td><td>0.002854</td><td>0.001755</td></tr> <tr><td>65</td><td>0.004354</td><td>0.002683</td></tr> <tr><td>70</td><td>0.007198</td><td>0.004555</td></tr> <tr><td>75</td><td>0.012242</td><td>0.008257</td></tr> <tr><td>80</td><td>0.022508</td><td>0.015445</td></tr> </tbody> </table>	<u>Age</u>	<u>Male</u>	<u>Female</u>	20	0.000138	0.000079	25	0.000165	0.000088	30	0.000206	0.000118	35	0.000359	0.000210	40	0.000485	0.000298	45	0.000642	0.000466	50	0.000866	0.000690	55	0.002011	0.001221	60	0.002854	0.001755	65	0.004354	0.002683	70	0.007198	0.004555	75	0.012242	0.008257	80	0.022508	0.015445																								
<u>Age</u>	<u>Male</u>	<u>Female</u>																																																																	
20	0.000138	0.000079																																																																	
25	0.000165	0.000088																																																																	
30	0.000206	0.000118																																																																	
35	0.000359	0.000210																																																																	
40	0.000485	0.000298																																																																	
45	0.000642	0.000466																																																																	
50	0.000866	0.000690																																																																	
55	0.002011	0.001221																																																																	
60	0.002854	0.001755																																																																	
65	0.004354	0.002683																																																																	
70	0.007198	0.004555																																																																	
75	0.012242	0.008257																																																																	
80	0.022508	0.015445																																																																	

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>18.3%</td><td>16.0%</td></tr> <tr><td></td><td>1</td><td>11.0</td><td>10.8</td></tr> <tr><td></td><td>2</td><td>7.8</td><td>7.7</td></tr> <tr><td></td><td>3</td><td>5.9</td><td>5.8</td></tr> <tr><td></td><td>4</td><td>4.9</td><td>5.0</td></tr> <tr><td></td><td>5</td><td>3.6</td><td>4.3</td></tr> <tr><td></td><td>6</td><td>3.2</td><td>3.8</td></tr> <tr><td></td><td>7</td><td>2.6</td><td>3.4</td></tr> <tr><td></td><td>8</td><td>2.6</td><td>2.8</td></tr> <tr><td></td><td>9</td><td>2.4</td><td>2.5</td></tr> <tr><td>25</td><td>10 or More</td><td>1.3</td><td>2.2</td></tr> <tr><td>30</td><td></td><td>1.3</td><td>1.9</td></tr> <tr><td>35</td><td></td><td>1.3</td><td>1.6</td></tr> <tr><td>40</td><td></td><td>1.3</td><td>1.3</td></tr> <tr><td>45</td><td></td><td>1.3</td><td>1.1</td></tr> <tr><td>50</td><td></td><td>1.3</td><td>1.0</td></tr> <tr><td>55</td><td></td><td>1.3</td><td>1.0</td></tr> <tr><td>60</td><td></td><td>1.3</td><td>1.0</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	18.3%	16.0%		1	11.0	10.8		2	7.8	7.7		3	5.9	5.8		4	4.9	5.0		5	3.6	4.3		6	3.2	3.8		7	2.6	3.4		8	2.6	2.8		9	2.4	2.5	25	10 or More	1.3	2.2	30		1.3	1.9	35		1.3	1.6	40		1.3	1.3	45		1.3	1.1	50		1.3	1.0	55		1.3	1.0	60		1.3	1.0
<u>Age</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>																																																																										
	0	18.3%	16.0%																																																																										
	1	11.0	10.8																																																																										
	2	7.8	7.7																																																																										
	3	5.9	5.8																																																																										
	4	4.9	5.0																																																																										
	5	3.6	4.3																																																																										
	6	3.2	3.8																																																																										
	7	2.6	3.4																																																																										
	8	2.6	2.8																																																																										
	9	2.4	2.5																																																																										
25	10 or More	1.3	2.2																																																																										
30		1.3	1.9																																																																										
35		1.3	1.6																																																																										
40		1.3	1.3																																																																										
45		1.3	1.1																																																																										
50		1.3	1.0																																																																										
55		1.3	1.0																																																																										
60		1.3	1.0																																																																										
11. Disablement Rates	<p>Active participant disability rates at sample ages:</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>20</td><td>0.01%</td><td>0.01%</td></tr> <tr><td>25</td><td>0.01</td><td>0.01</td></tr> <tr><td>30</td><td>0.01</td><td>0.01</td></tr> <tr><td>35</td><td>0.01</td><td>0.01</td></tr> <tr><td>40</td><td>0.01</td><td>0.02</td></tr> <tr><td>45</td><td>0.03</td><td>0.05</td></tr> <tr><td>50</td><td>0.08</td><td>0.10</td></tr> <tr><td>55</td><td>0.16</td><td>0.14</td></tr> <tr><td>60</td><td>0.26</td><td>0.21</td></tr> </tbody> </table>	<u>Age</u>	<u>Male</u>	<u>Female</u>	20	0.01%	0.01%	25	0.01	0.01	30	0.01	0.01	35	0.01	0.01	40	0.01	0.02	45	0.03	0.05	50	0.08	0.10	55	0.16	0.14	60	0.26	0.21																																														
<u>Age</u>	<u>Male</u>	<u>Female</u>																																																																											
20	0.01%	0.01%																																																																											
25	0.01	0.01																																																																											
30	0.01	0.01																																																																											
35	0.01	0.01																																																																											
40	0.01	0.02																																																																											
45	0.03	0.05																																																																											
50	0.08	0.10																																																																											
55	0.16	0.14																																																																											
60	0.26	0.21																																																																											

<p>12. Medical & Dental Trends (<i>Annual Increases</i>)</p>	<table border="1"> <thead> <tr> <th><u>Year</u></th> <th><u>Medical</u></th> <th><u>Dental</u></th> </tr> </thead> <tbody> <tr><td>1</td><td>7.5%</td><td>5.0%</td></tr> <tr><td>2</td><td>7.0</td><td>5.0</td></tr> <tr><td>3</td><td>6.5</td><td>5.0</td></tr> <tr><td>4</td><td>6.4</td><td>5.0</td></tr> <tr><td>5</td><td>6.3</td><td>5.0</td></tr> <tr><td>6</td><td>6.2</td><td>5.0</td></tr> <tr><td>7</td><td>6.1</td><td>5.0</td></tr> <tr><td>8</td><td>6.0</td><td>5.0</td></tr> <tr><td>9</td><td>5.9</td><td>5.0</td></tr> <tr><td>10</td><td>5.8</td><td>5.0</td></tr> <tr><td>11</td><td>5.7</td><td>5.0</td></tr> <tr><td>12</td><td>5.6</td><td>5.0</td></tr> <tr><td>13</td><td>5.5</td><td>5.0</td></tr> <tr><td>14</td><td>5.4</td><td>5.0</td></tr> <tr><td>15</td><td>5.3</td><td>5.0</td></tr> <tr><td>16</td><td>5.2</td><td>5.0</td></tr> <tr><td>17</td><td>5.1</td><td>5.0</td></tr> <tr><td>18 & Over</td><td>5.0</td><td>5.0</td></tr> </tbody> </table>	<u>Year</u>	<u>Medical</u>	<u>Dental</u>	1	7.5%	5.0%	2	7.0	5.0	3	6.5	5.0	4	6.4	5.0	5	6.3	5.0	6	6.2	5.0	7	6.1	5.0	8	6.0	5.0	9	5.9	5.0	10	5.8	5.0	11	5.7	5.0	12	5.6	5.0	13	5.5	5.0	14	5.4	5.0	15	5.3	5.0	16	5.2	5.0	17	5.1	5.0	18 & Over	5.0	5.0
<u>Year</u>	<u>Medical</u>	<u>Dental</u>																																																								
1	7.5%	5.0%																																																								
2	7.0	5.0																																																								
3	6.5	5.0																																																								
4	6.4	5.0																																																								
5	6.3	5.0																																																								
6	6.2	5.0																																																								
7	6.1	5.0																																																								
8	6.0	5.0																																																								
9	5.9	5.0																																																								
10	5.8	5.0																																																								
11	5.7	5.0																																																								
12	5.6	5.0																																																								
13	5.5	5.0																																																								
14	5.4	5.0																																																								
15	5.3	5.0																																																								
16	5.2	5.0																																																								
17	5.1	5.0																																																								
18 & Over	5.0	5.0																																																								
<p>13. Salary Merit Scale (<i>Annual Increases</i>)</p>	<table border="1"> <thead> <tr> <th><u>Service</u></th> <th><u>Increase</u></th> </tr> </thead> <tbody> <tr><td>1</td><td>5.6%</td></tr> <tr><td>2</td><td>5.6</td></tr> <tr><td>3</td><td>5.2</td></tr> <tr><td>4</td><td>4.7</td></tr> <tr><td>5</td><td>4.3</td></tr> <tr><td>10</td><td>2.6</td></tr> <tr><td>15</td><td>1.4</td></tr> <tr><td>20</td><td>0.6</td></tr> <tr><td>25</td><td>0.3</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	5.6%	2	5.6	3	5.2	4	4.7	5	4.3	10	2.6	15	1.4	20	0.6	25	0.3	30	0.2																																			
<u>Service</u>	<u>Increase</u>																																																									
1	5.6%																																																									
2	5.6																																																									
3	5.2																																																									
4	4.7																																																									
5	4.3																																																									
10	2.6																																																									
15	1.4																																																									
20	0.6																																																									
25	0.3																																																									
30	0.2																																																									

14. Age Related Health Care Cost	<p>2016/2017 monthly medical premium rates under the District's Traditional plan were \$797.12 and \$1,751.16 and under the HDHP plan were \$649.66 and \$1,427.22 (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="878 491 1162 751"> <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%														
15. Percent with Coverage at Retirement	60% of active employees currently covered on the District's health plan are assumed to remain covered in retirement, for the duration of COBRA.														
16. Coverage Tier	70% of future covered retirees are assumed to cover a spouse in retirement														
17. Spouses' Age	Males are assumed to be three years older than their spouses														