

Key Benefit Concepts, LLC

School District of Amery



Accounting and Sample Funding Report of
Liabilities for Participants' Post Employment
Benefits as of July 1, 2012

Thru End of the Year June 30, 2013

May 2013



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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.

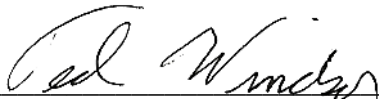
Key Benefit Concepts, LLC (KBC) is an independent actuarial and employee benefits consulting firm providing actuarial services to clients who sponsor qualified retirement and other post-employment benefits. We maintain no relationships with any client that might impair the objectivity of our work. This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

Ted W. Windsor is an actuary meeting the qualifications of the American Academy of Actuaries required to provide the actuarial opinion detailed in this report.



Ted W. Windsor, ASA, EA, MAAA

May 22, 2013

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, 2012 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, 2012 through June 30, 2013).
- 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 will contribute towards a retiree's medical premiums for a period of 8 years but not to exceed Medicare-eligibility. The amount of these contributions will be equal to either 100% of the single or 50% of the family medical premium rates in effect at the time of retirement and shall remain frozen at these amounts for the entire duration.

***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.

The census provided by the District included 15 Teachers listed as not having coverage in the medical plan. One of these Teachers is not eligible for coverage given their very low FTE. As for the remaining 14 Teachers, if they were hired prior to July 1, 2004; it was assumed they would have 'Single' coverage upon their retirement. Furthermore, for those Teachers whose spouse is also employed as a Teacher in the District, it was assumed that each spouse would have their own Single plan upon retirement. As such, the liabilities incurred on behalf of these 14 Teachers, given these assumptions, was calculated and included in this valuation.

No post-employment liability of any kind was calculated on behalf of those not classified as an Administrator or Teacher. Similarly, no OPEB liability of any kind was calculated on behalf of any Administrator or Teacher that was hired after July 1, 2004. Any OPEB liability in the form of implicit rate subsidy, however, incurred on behalf of any retiree currently self-paying the full premium amounts required to continue coverage in the group medical plan was calculated and included in this valuation.

Supplemental Pension (Stipend) Benefit

Eligible Administrators and Teachers that were hired prior to July 1, 2004 (for both classifications) will also receive a stipend of \$10,000 upon their retirement. 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.

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 26-year amortization period which is listed as the remaining period on the District’s audited financials for the year ending June 30, 2012.

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, 2012 is as follows:

Other Post Employment Liability		
	Level \$ Amortization	Level % Amortization
1 Normal Cost with interest to end of year	\$ 224,356	\$ 224,356
2 Unfunded Actuarial Accrued Liability (UAAL)	\$ 5,094,579	\$ 5,094,579
3 26-yr. Amortization of UAAL	\$ 354,401	\$ 258,951
4 Annual Required Contribution (ARC)	\$ 578,757	\$ 483,306

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, 2012 is as follows:

Supplemental Pension Liability		
	Level \$ Amortization	Level % Amortization
1 Normal Cost with interest to end of year	\$ 20,092	\$ 20,092
2 Unfunded Actuarial Accrued Liability (UAAL)	\$ 427,834	\$ 427,834
3 26-yr. Amortization of UAAL	\$ 26,681	\$ 19,188
4 Annual Supplemental Pension Cost	\$ 46,773	\$ 39,280

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, 2012. 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, 2011 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% (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 3.97% (as the expected yield on general assets) was used in this valuation in calculating the post-employment liabilities. According to the Treasury and PBGC Interest Rates report, this rate is equal to the composite corporate bond rate in July 2012. 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

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 as well as retiree self-payments, 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, 2012. In other words, it is based upon a closed valuation, such that no new hires are assumed to replace those future retirees. The likelihood of actual costs equaling the stated projections decreases for each year projecting further into the future. Also note that the District's expected premium payments differ from the District's GASB OPEB value. This difference is attributed to the implicit rate subsidy as well as actual retirement rates versus the assumptions used in this study.

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, 2012

Age	Years of Service in the School District of Amery									Total		
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 or more				
Under 20	-	-	-	-	-	-	-	-	-	-	-	
20 - 24	1	-	-	-	-	-	-	-	-	-	1	
25 - 29	10	2	-	-	-	-	-	-	-	-	12	
30 - 34	7	11	1	-	-	-	-	-	-	-	19	Averages:
35 - 39	3	1	12	2	-	-	-	-	-	-	18	Age: 47.6
40 - 44	5	9	8	10	1	-	-	-	-	-	33	Service: 13.8
45 - 49	4	8	8	7	8	2	-	-	-	-	37	
50 - 54	3	6	7	11	14	5	1	-	-	-	47	
55 - 59	1	2	4	2	9	6	2	1	-	-	27	
60 - 64	4	2	4	5	6	4	2	2	-	-	29	
65 and over	-	1	-	1	1	-	-	-	-	-	3	
Total	38	42	44	38	39	17	5	3	-	-	226	

OPEB Table B

School District of Amery
Members by Medical Coverage as of July 1, 2012

Medical Plan Enrollment

	Actives					Retirees		
	Single	Family	Waived	None	Total	Single	Family	Total
<i>Administrators</i>	-	15	-	-	15	-	1	1
<i>Teachers</i>	10	105	14	1	130	16	14	30
<i>Support Staff</i>	7	46	22	6	81	1	-	1
Totals	17	166	36	7	226	17	15	32

- Notes:**
- 1- No post-employment liability, of any kind, was calculated for actives listed under 'None' nor for actives classified as 'Support Staff'.
 - 2- Teachers listed under 'Waived' and hired prior to July 1, 2004 were assumed to have 'Single' coverage upon their retirement.
 - 3- For Teachers whose spouse is also employed as a Teacher in the District, it was assumed that each spouse would have their own Single plan upon retirement.
 - 4- Included in the active counts are 5 Teachers that are retiring at the end of the 2012/13 year.
 - 5- No post-employment liability of any kind was calculated on behalf of Administrators and Teachers hired after July 1, 2004 (for either classifications).
 - 6- Any implicit rate subsidy incurred on behalf of any current self-paying retiree was calculated and included in this valuation.

OPEB Table C

School District of Amery
 Determination of Normal Cost, Actuarial Accrued Liability
 and Unfunded Actuarial Accrued Liability (UAAL) as of 7/1/2012

Total Incurred OPEB Liabilities

	<i>Administrators</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost as of 7/1/2012			
a. Future retiree (Current active) value of OPEB	\$28,390	\$306,908	\$335,298
b. Future retiree (Current active) paid portion of premiums	9,894	111,732	121,626
c. Total normal cost [#1a - #1b]	18,496	195,176	213,672
2. Actuarial accrued liability as of 7/1/2012			
a. Current retiree value of OPEB	120,749	2,478,599	2,599,348
b. Current retiree paid portion of premiums	45,958	975,148	1,021,106
c. Future retiree (Current active) value of OPEB	669,987	5,415,801	6,085,788
d. Future retiree (Current active) paid portion of premiums	241,054	1,961,124	2,202,178
e. Total actuarial accrued liability [(#2a - #2b)+(#2c - #2d)]	503,724	4,958,128	5,461,852
3. Actuarial value of assets	33,872	333,401	367,273
4. Unfunded actuarial accrued liability [#2e - #3]	\$469,852	\$4,624,727	\$5,094,579

OPEB Table D - Level % Amortization

School District of Amery
 Determination of 2012-2013 Fiscal Year Annual Required Contribution (ARC)

Total Incurred OPEB Liabilities

	<i>Administrators</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost			
a. Beginning of year	\$18,496	\$195,176	\$213,672
b. With interest to end of year	19,421	204,935	224,356
2. Expected payroll for 2012-2013 fiscal year	n/a	n/a	n/a
3. Unfunded actuarial accrued liability	469,852	4,624,727	5,094,579
4. 26 year amortization of UAAL as a level percent method			
a. Dollars	23,882	235,069	258,951
b. Percent of payroll	n/a	n/a	n/a
5. Annual required contribution (ARC)			
a. Normal cost	19,421	204,935	224,356
b. Amortization	23,882	235,069	258,951
c. Total contribution [a + b]	\$43,303	\$440,004	\$483,306

OPEB Table D - Level \$ Amortization

School District of Amery

Determination of 2012-2013 Fiscal Year Annual Required Contribution (ARC)

Total Incurred OPEB Liabilities

	<i>Administrators</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost			
a. Beginning of year	\$18,496	\$195,176	\$213,672
b. With interest to end of year	19,421	204,935	224,356
2. Expected payroll for 2012-2013 fiscal year	n/a	n/a	n/a
3. Unfunded actuarial accrued liability	469,852	4,624,727	5,094,579
4. 26 year amortization of UAAL as a level dollar method			
a. Dollars	32,685	321,716	354,401
b. Percent of payroll	n/a	n/a	n/a
5. Annual required contribution (ARC)			
a. Normal cost	19,421	204,935	224,356
b. Amortization	32,685	321,716	354,401
c. Total contribution [a + b]	\$52,106	\$526,651	\$578,757

OPEB Table E - Level % Amortization

School District of Amery

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending June 30, 2013

	<u>Total</u>
Annual required contribution (ARC)	\$483,306
Interest on net OPEB obligation	39,021
Adjustment to annual required contribution	(39,668)
Annual OPEB cost (expense)	\$482,660
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$780,419
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
6/30/2009	\$717,283	60.65%	\$282,219
6/30/2010	\$726,657	80.54%	\$423,652
6/30/2011	\$891,343	75.78%	\$639,529
6/30/2012	\$664,371	78.79%	\$780,419
6/30/2013	\$482,660	TBD	TBD

OPEB Table E - Level \$ Amortization

School District of Amery

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending June 30, 2013

	<u>Total</u>
Annual required contribution (ARC)	\$578,757
Interest on net OPEB obligation	39,021
Adjustment to annual required contribution	(54,289)
Annual OPEB cost (expense)	\$563,488
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$780,419
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
6/30/2009	\$717,283	60.65%	\$282,219
6/30/2010	\$726,657	80.54%	\$423,652
6/30/2011	\$891,343	75.78%	\$639,529
6/30/2012	\$664,371	78.79%	\$780,419
6/30/2013	\$563,488	TBD	TBD

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) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a) / c)
7/1/2007	\$0	\$5,256,727	\$5,256,727	0.00%	\$10,211,944	51.48%
7/1/2010	\$233,185	\$5,959,634	\$5,726,449	3.91%	\$8,195,363	69.87%
7/1/2012	\$367,273	\$5,461,852	\$5,094,579	6.72%	TBD	TBD

OPEB Table G

School District of Amery
Significant Methods and Assumptions

Actuarial valuation date	7/1/2012
Actuarial cost method	Unit credit
Amortization method	26 year open level dollar & level percent
Remaining amortization period	26 years
Asset valuation method	Market value
Actuarial Assumptions	
Investment rate of return *	5.00%
Level percent increases (for level percent amortization)	3.00%
Medical trend *	10.00% decreasing by 1.00% per year down to 5.00%

* Implicit in this rate is an assumed rate of inflation of 4.00%

OPEB Table H - Level % Amortization

School District of Amery
 Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities

Valuation 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)
6/30/2012	\$674,489	35,174	(45,292)	14.12	\$664,371	(523,481)	140,890	\$780,419
6/30/2013	\$483,306	39,021	(39,668)	19.67	\$482,660	TBD	TBD	TBD

OPEB Table H - Level \$ Amortization

School District of Amery
 Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities

Valuation 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)
6/30/2012	\$674,489	35,174	(45,292)	14.12	\$664,371	(523,481)	140,890	\$780,419
6/30/2013	\$578,757	39,021	(54,289)	14.38	\$563,488	TBD	TBD	TBD

OPEB Table I

School District of Amery
 Pay As You Go
 Projection of Medical Benefits Including Self-Payments

A	B	C	D	E	F	G
Fiscal Year Beginning	Expected Total Premiums	District's Premium Contributions	Total Value of Medical Benefits	District's OPEB Liability	Implicit Rate Subsidy	Cost → Value
			B + F	C + F	D - B	
2012	\$396,453	\$222,333	\$523,024	\$348,904	\$126,571	1.3193
2013	\$487,515	\$258,889	\$646,201	\$417,575	\$158,686	1.3255
2014	\$509,391	\$268,162	\$646,244	\$405,015	\$136,853	1.2687
2015	\$538,393	\$258,179	\$690,089	\$409,875	\$151,696	1.2818
2016	\$567,379	\$263,503	\$728,178	\$424,302	\$160,799	1.2834
2017	\$523,769	\$247,196	\$652,941	\$376,368	\$129,172	
2018	\$587,463	\$272,671	\$751,689	\$436,897	\$164,226	
2019	\$595,067	\$298,221	\$785,900	\$489,054	\$190,833	
2020	\$627,949	\$329,447	\$831,911	\$533,409	\$203,962	
2021	\$659,764	\$363,173	\$880,808	\$584,217	\$221,044	
2022	\$662,284	\$369,142	\$891,077	\$597,935	\$228,793	
2023	\$626,887	\$343,209	\$844,825	\$561,147	\$217,938	
2024	\$599,579	\$317,364	\$801,875	\$519,660	\$202,296	
2025	\$539,162	\$287,455	\$713,045	\$461,338	\$173,883	
2026	\$612,023	\$313,530	\$810,540	\$512,047	\$198,517	
2027	\$671,916	\$349,545	\$890,105	\$567,734	\$218,189	
2028	\$608,776	\$320,438	\$794,260	\$505,922	\$185,484	
2029	\$689,938	\$363,497	\$905,419	\$578,978	\$215,481	
2030	\$803,917	\$421,298	\$1,056,286	\$673,667	\$252,369	
2031	\$918,834	\$474,029	\$1,215,849	\$771,044	\$297,015	
2032	\$922,841	\$480,137	\$1,225,214	\$782,510	\$302,373	
2033	\$900,233	\$445,482	\$1,197,290	\$742,539	\$297,057	
2034	\$902,555	\$448,362	\$1,212,840	\$758,647	\$310,285	
2035	\$721,195	\$355,967	\$963,623	\$598,395	\$242,428	
2036	\$756,735	\$375,894	\$1,032,082	\$651,241	\$275,347	
2037	\$612,507	\$307,310	\$843,358	\$538,161	\$230,851	
2038	\$415,322	\$214,411	\$573,487	\$372,576	\$158,165	
2039	\$282,436	\$153,119	\$393,059	\$263,742	\$110,623	
2040	\$148,793	\$92,533	\$207,677	\$151,417	\$58,884	
2041	\$108,666	\$67,412	\$153,966	\$112,712	\$45,300	

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	<u>Medical Insurance:</u> The District will contribute 100% of the single or 50% of family medical premium rates in effect at the time of retirement on behalf of the retiree. These contributions will continue frozen at these amounts for up to 8 years but not to exceed Medicare-eligibility.
	Non-OPEB
	<u>Stipend:</u> The retiree shall receive a one-time (lump sum) cash payment of \$10,000 upon their retirement.
Note: 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.	

OPEB Actuarial Assumptions

1. Actuarial Valuation Date	July 1, 2012
2. Actuarial Cost Method	<u>Unit Credit</u> : The calculation of retirement plan benefits is based upon the accumulation of "benefit units" earned from such things as salary and/or service years. A Plan's normal cost is determined by the present value of benefits allocated to the valuation year. A Plan's accrued liability is the present value of benefits allocated to all periods prior to the valuation year.
3. Interest Rate	Discount rate for valuing liabilities – 5.00% Interest rate on plan assets – 5.00%
4. Level Percent Increase	3.00% – Used only for level percent amortization of Unfunded Actuarial Accrued Liability
5. Amortization Method	26 year open level percent & level dollar method
6. Remaining Amortization Period	26 years
7. Asset Valuation Method	Market Value

<p>8. Retirement</p>	<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>15.0%</td><td>12.5%</td></tr> <tr><td>56</td><td>15.0</td><td>12.5</td></tr> <tr><td>57</td><td>15.0</td><td>11.5</td></tr> <tr><td>58</td><td>14.0</td><td>12.5</td></tr> <tr><td>59</td><td>11.0</td><td>12.5</td></tr> <tr><td>60</td><td>15.0</td><td>15.0</td></tr> <tr><td>61</td><td>14.0</td><td>16.0</td></tr> <tr><td>62</td><td>23.0</td><td>23.0</td></tr> <tr><td>63</td><td>23.0</td><td>21.0</td></tr> <tr><td>64</td><td>16.0</td><td>19.0</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>30%</td></tr> <tr><td>58</td><td>35</td><td>30</td></tr> <tr><td>59</td><td>28</td><td>30</td></tr> <tr><td>60</td><td>28</td><td>30</td></tr> <tr><td>61</td><td>28</td><td>30</td></tr> <tr><td>62</td><td>38</td><td>38</td></tr> <tr><td>63</td><td>35</td><td>32</td></tr> <tr><td>64</td><td>25</td><td>26</td></tr> <tr><td>65</td><td>100</td><td>100</td></tr> </tbody> </table>	<u>Age</u>	<u>Male</u>	<u>Female</u>	55	15.0%	12.5%	56	15.0	12.5	57	15.0	11.5	58	14.0	12.5	59	11.0	12.5	60	15.0	15.0	61	14.0	16.0	62	23.0	23.0	63	23.0	21.0	64	16.0	19.0	65	100.0	100.0	<u>Age</u>	<u>Male</u>	<u>Female</u>	57	40%	30%	58	35	30	59	28	30	60	28	30	61	28	30	62	38	38	63	35	32	64	25	26	65	100	100
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<p>10. Separation Rates</p>	<p>Select and ultimate termination rates at sample ages and years of service are shown below:</p> <table border="1" data-bbox="711 296 1300 926"> <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>16.5%</td><td>13.0%</td></tr> <tr><td></td><td>1</td><td>11.0</td><td>9.5</td></tr> <tr><td></td><td>2</td><td>7.1</td><td>7.2</td></tr> <tr><td></td><td>3</td><td>5.2</td><td>6.1</td></tr> <tr><td></td><td>4</td><td>4.2</td><td>5.0</td></tr> <tr><td></td><td>5</td><td>3.4</td><td>4.3</td></tr> <tr><td></td><td>6</td><td>2.9</td><td>3.7</td></tr> <tr><td></td><td>7</td><td>2.5</td><td>3.2</td></tr> <tr><td></td><td>8</td><td>2.3</td><td>2.7</td></tr> <tr><td></td><td>9</td><td>2.0</td><td>2.5</td></tr> <tr><td>25</td><td>10 or more</td><td>2.0</td><td>2.0</td></tr> <tr><td>30</td><td></td><td>1.7</td><td>1.9</td></tr> <tr><td>35</td><td></td><td>1.3</td><td>1.7</td></tr> <tr><td>40</td><td></td><td>1.1</td><td>1.3</td></tr> <tr><td>45</td><td></td><td>1.0</td><td>1.1</td></tr> <tr><td>50</td><td></td><td>0.8</td><td>0.9</td></tr> <tr><td>55</td><td></td><td>0.8</td><td>0.9</td></tr> <tr><td>60</td><td></td><td>0.8</td><td>0.9</td></tr> </tbody> </table>			<u>Age</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>		0	16.5%	13.0%		1	11.0	9.5		2	7.1	7.2		3	5.2	6.1		4	4.2	5.0		5	3.4	4.3		6	2.9	3.7		7	2.5	3.2		8	2.3	2.7		9	2.0	2.5	25	10 or more	2.0	2.0	30		1.7	1.9	35		1.3	1.7	40		1.1	1.3	45		1.0	1.1	50		0.8	0.9	55		0.8	0.9	60		0.8	0.9
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<p>13. Age Related Health Care Cost</p>	<p>Health care costs are assumed to increase at 2.5% per year of age separate from trend due to increased cost of older participants.</p>																																																																														

14. Percent with Coverage at Retirement	100% of active Administrators and Teachers eligible for a District-provided OPEB upon their retirement
15. Spouses' Age	Males are assumed to be three years older than their spouses

Stipend Tables

Stipend Table C

School District of Amery
 Determination of Normal Cost, Actuarial Accrued Liability
 and Unfunded Actuarial Accrued Liability (UAAL) as of 7/1/2012

Total Incurred Non-OPEB Liabilities

	<i>Administrators</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost as of 7/1/2012	\$2,807	\$16,518	\$19,325
2. Actuarial accrued liability as of 7/1/2012			
a. Current retiree value of Non-OPEB	0	57,293	57,293
b. Future retiree value of Non-OPEB	58,834	311,707	370,541
c. Total actuarial accrued liability [#2a + #2b]	58,834	369,000	427,834
3. Actuarial value of assets	0	0	0
4. Unfunded actuarial accrued liability [#2c - #3]	\$58,834	\$369,000	\$427,834

Stipend Table D - Level % Amortization

School District of Amery
 Determination of 2012-2013 Fiscal Year Annual Supplemental Pension Cost

Total Incurred Non-OPEB Liabilities

	<i>Administrators</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost			
a. Beginning of year	\$2,807	\$16,518	\$19,325
b. With interest to end of year	2,918	17,174	20,092
2. Expected payroll for 2012-2013 fiscal year	n/a	n/a	n/a
3. Unfunded actuarial accrued liability (UAAL)	58,834	369,000	427,834
4. 26 year amortization of UAAL as a level percent method			
a. Dollars	2,639	16,549	19,188
b. Percent of payroll	n/a	n/a	n/a
5. Annual supplemental pension cost			
a. Normal cost	2,918	17,174	20,092
b. Amortization	2,639	16,549	19,188
c. Total cost [a + b]	\$5,557	\$33,723	\$39,280

Stipend Table D - Level \$ Amortization

School District of Amery
 Determination of 2012-2013 Fiscal Year Annual Supplemental Pension Cost

Total Incurred Non-OPEB Liabilities

	<i>Administrators</i>	<i>Teachers</i>	<i>Total</i>
1. Normal cost			
a. Beginning of year	\$2,807	\$16,518	\$19,325
b. With interest to end of year	2,918	17,174	20,092
2. Expected payroll for 2012-2013 fiscal year	n/a	n/a	n/a
3. Unfunded actuarial accrued liability (UAAL)	58,834	369,000	427,834
4. 26 year amortization of UAAL as a level dollar method			
a. Dollars	3,669	23,012	26,681
b. Percent of payroll	n/a	n/a	n/a
5. Annual supplemental pension cost			
a. Normal cost	2,918	17,174	20,092
b. Amortization	3,669	23,012	26,681
c. Total cost [a + b]	\$6,588	\$40,186	\$46,773

Stipend Table E - Level % Amortization

School District of Amery

Annual Pension Cost and Net Pension Obligation for the Fiscal Year Ending June 30, 2013

	<u>Total</u>
Annual required pension cost (APC)	\$39,280
Interest on net pension obligation	914
Adjustment to APC	(1,033)
Annual pension cost (expense)	\$39,161
Contributions made	TBD
Change in net pension obligation	TBD
Net pension obligation - beginning of year	\$23,023
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
6/30/2010	\$50,675	42.46%	\$28,164
6/30/2011	\$61,120	176.13%	(\$18,366)
6/30/2012	\$62,919	34.22%	\$23,023
6/30/2013	\$39,161	TBD	TBD

Stipend Table E - Level \$ Amortization

School District of Amery

Annual Pension Cost and Net Pension Obligation for the Fiscal Year Ending June 30, 2013

	<u>Total</u>
Annual required pension cost (APC)	\$46,773
Interest on net pension obligation	914
Adjustment to APC	(1,436)
Annual pension cost (expense)	\$46,251
Contributions made	TBD
Change in net pension obligation	TBD
Net pension obligation - beginning of year	\$23,023
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
6/30/2010	\$50,675	42.46%	\$28,164
6/30/2011	\$61,120	176.13%	(\$18,366)
6/30/2012	\$62,919	34.22%	\$23,023
6/30/2013	\$46,251	TBD	TBD

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) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a) / c)
7/1/2007	\$0	\$480,274	\$480,274	0.00%	\$10,211,944	4.70%
7/1/2010	\$0	\$511,966	\$511,966	0.00%	\$8,195,363	6.25%
7/1/2012	\$0	\$427,834	\$427,834	0.00%	TBD	TBD

Stipend Table G

School District of Amery
Significant Methods and Assumptions

Actuarial valuation date	7/1/2012
Actuarial cost method	Unit credit
Amortization method	26 year open level dollar & level percent
Remaining amortization period	26 years
Asset valuation method	Market value
Actuarial Assumptions	
Investment rate of return *	3.97%
Level percent increases (for level percent amortization)	3.00%

* Implicit in this rate is an assumed rate of inflation of 4.00%

Stipend Table H - Level % Amortization

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

Total Incurred Stipend Liabilities

Valuation Year Ending	Annual Supplemental Pension Cost	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)
6/30/2012	\$62,604	(918)	1,233	14.90	\$62,919	(21,530)	41,389	\$23,023
6/30/2013	\$39,280	914	(1,033)	22.30	\$39,161	TBD	TBD	TBD

Stipend Table H - Level \$ Amortization

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

Total Incurred Stipend Liabilities

Valuation Year Ending	Annual Supplemental Pension Cost	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)
6/30/2012	\$62,604	(918)	1,233	14.90	\$62,919	(21,530)	41,389	\$23,023
6/30/2013	\$46,773	914	(1,436)	16.04	\$46,251	TBD	TBD	TBD

Stipend Table I

School District of Amery
 Pay As You Go
 Projection of Stipend/Cash Payments

<i>Fiscal Year Beginning</i>	<i>Expected Total Payouts</i>
2012	\$36,867
2013	\$64,754
2014	\$34,479
2015	\$36,410
2016	\$35,478
2017	\$47,846
2018	\$40,221
2019	\$48,392
2020	\$47,884
2021	\$43,453
2022	\$34,863
2023	\$40,448
2024	\$39,330
2025	\$34,509
2026	\$34,559
2027	\$33,092
2028	\$32,390
2029	\$29,779
2030	\$38,863
2031	\$34,022
2032	\$28,553
2033	\$24,778
2034	\$18,760
2035	\$16,400
2036	\$8,633
2037	\$7,109
2038	\$4,882
2039	\$2,974
2040	\$2,105
2041	\$781

Stipend Technical Appendix

Stipend Actuarial Assumptions

1. Actuarial Valuation Date	July 1, 2012																														
2. Actuarial Cost Method	<u>Unit Credit</u> : The calculation of retirement plan benefits is based upon the accumulation of “benefit units” earned from such things as salary and/or service years. A Plan’s normal cost is determined by the present value of benefits allocated to the valuation year. A Plan’s accrued liability is the present value of benefits allocated to all periods prior to the valuation year.																														
3. Interest Rate	Discount rate for valuing liabilities – 3.97% Interest rate on plan assets – 3.97%																														
4. Level Percent Increase	3.00% – Used only for level percent amortization of Unfunded Actuarial Accrued Liability																														
5. Amortization Method	26 year open level percent & level dollar method																														
6. Remaining Amortization Period	26 years																														
7. Asset Valuation Method	Market Value																														
8. 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>0.02</td> <td>0.02</td> </tr> <tr> <td>45</td> <td>0.05</td> <td>0.07</td> </tr> <tr> <td>50</td> <td>0.13</td> <td>0.14</td> </tr> <tr> <td>55</td> <td>0.23</td> <td>0.20</td> </tr> <tr> <td>60</td> <td>0.39</td> <td>0.29</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	0.02	0.02	45	0.05	0.07	50	0.13	0.14	55	0.23	0.20	60	0.39	0.29
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<p>9. Retirement</p>	<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>15.0%</td><td>12.5%</td></tr> <tr><td>56</td><td>15.0</td><td>12.5</td></tr> <tr><td>57</td><td>15.0</td><td>11.5</td></tr> <tr><td>58</td><td>14.0</td><td>12.5</td></tr> <tr><td>59</td><td>11.0</td><td>12.5</td></tr> <tr><td>60</td><td>15.0</td><td>15.0</td></tr> <tr><td>61</td><td>14.0</td><td>16.0</td></tr> <tr><td>62</td><td>23.0</td><td>23.0</td></tr> <tr><td>63</td><td>23.0</td><td>21.0</td></tr> <tr><td>64</td><td>16.0</td><td>19.0</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>30%</td></tr> <tr><td>58</td><td>35</td><td>30</td></tr> <tr><td>59</td><td>28</td><td>30</td></tr> <tr><td>60</td><td>28</td><td>30</td></tr> <tr><td>61</td><td>28</td><td>30</td></tr> <tr><td>62</td><td>38</td><td>38</td></tr> <tr><td>63</td><td>35</td><td>32</td></tr> <tr><td>64</td><td>25</td><td>26</td></tr> <tr><td>65</td><td>100</td><td>100</td></tr> </tbody> </table>	<u>Age</u>	<u>Male</u>	<u>Female</u>	55	15.0%	12.5%	56	15.0	12.5	57	15.0	11.5	58	14.0	12.5	59	11.0	12.5	60	15.0	15.0	61	14.0	16.0	62	23.0	23.0	63	23.0	21.0	64	16.0	19.0	65	100.0	100.0	<u>Age</u>	<u>Male</u>	<u>Female</u>	57	40%	30%	58	35	30	59	28	30	60	28	30	61	28	30	62	38	38	63	35	32	64	25	26	65	100	100
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11. Separation Rates

Select and ultimate termination rates at sample ages and years of service are shown below:

<u>Age</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>
	0	16.5%	13.0%
	1	11.0	9.5
	2	7.1	7.2
	3	5.2	6.1
	4	4.2	5.0
	5	3.4	4.3
	6	2.9	3.7
	7	2.5	3.2
	8	2.3	2.7
	9	2.0	2.5
25	10 or more	2.0	2.0
30		1.7	1.9
35		1.3	1.7
40		1.1	1.3
45		1.0	1.1
50		0.8	0.9
55		0.8	0.9
60		0.8	0.9