



RIVERSIDE COMMUNITY COLLEGE DISTRICT

GASB 75 ACTUARIAL VALUATION REPORT

FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

July 1, 2018 – June 30, 2019 Fiscal Year

Based on information received for the July 1, 2017 – June 30, 2018 Fiscal Year

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EXECUTIVE SUMMARY

A. PLAN OVERVIEW

Riverside Community College District (*District*) provides post-employment benefits other than pensions (OPEB) to employees who meet certain criteria. As a result of offering such benefits, the District is required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). The purpose of this report is to provide measurements of the OPEB obligations, annual expense, and other required disclosure items in accordance with GASB 75. The information contained in this report may not be suitable for other purposes.

The District provides post-employment healthcare benefits to eligible retirees and their covered eligible dependents and pays a portion of the cost. All active employees who retire directly from the District and meet the eligibility criteria may participate.

B. SUMMARY OF KEY RESULTS

The summary below identifies the key results of the costs related to the July 1, 2018 – June 30, 2019 Fiscal Year, according to the accounting requirements of GASB 75. Note that implicit rate subsidies, as required by GASB, are factored into all relevant values in this report.

Note that the District elects to perform actuarial valuations on a biannual basis, therefore this valuation represents a rollforward of results prepared for the July 1, 2017 – June 30, 2018 Fiscal Year, with certain adjustments made to reflect the discount rate at the end of the year.

Valuation Date	July 1, 2017
Measurement Date	June 30, 2019
Reporting Date	June 30, 2019
Present Value of Future Benefits	
Actives	\$49,457,859
Retirees	10,362,987
Total	\$59,820,846
Total OPEB Liability	
Actives	\$34,499,401
Retirees	10,362,987
Total	\$44,862,388
Plan Assets	(1,721,664)
Net OPEB Liability	\$43,140,724
GASB 75 Measures For the Period Ending	June 30, 2019
OPEB Expense	\$4,481,166
Actual Employer Contributions (Pay-As-You-Go)¹	\$4,315,779
Estimated Employer Contributions, reflecting implicit rate subsidies²	\$3,636,565

¹ Actual annual employer contributions based on information provided by the District.

² Estimated annual employer contributions based on valuation results.

C. DEMOGRAPHIC INFORMATION

Demographic Information	2017/2018 FY
Active Participants	1,050
<u>Retired Participants</u>	<u>108</u>
Total	1,158

D. ASSETS

As of the valuation date, the District has set aside assets in an irrevocable trust to pay for future benefits. According to GASB, an employer has made a contribution to pay for future benefits if it meets one of the following criteria:

- The employer has made benefit payments directly to or on behalf of a retiree or beneficiary.
- The employer has made premium payments to an insurer.
- The employer has made contributions to an OPEB plan to fund payments of benefits as they come due in the future, and all the following apply:
 - The employer no longer has ownership or control of the assets.
 - The plan is effectively a legally separate entity under the stewardship of a board of trustees.
 - The plan assets provide benefits to retirees and their beneficiaries in accordance to the terms stated in the plan.
 - The plan assets are legally protected from creditors of the employer.

Assets	June 30, 2019
Market Value of Assets	\$1,721,664
Actuarial Value of Assets	\$1,721,664
Money-Weighted Rate of Return (2018/2019 FY)	TBD

E. DISCOUNT RATE

The discount rate under GASB 75 is required to be a blend of the long-term expected rate of return (ROR) to the extent funded and the 20 year municipal bond rate. Specifically, an initial projection is made using the ROR on irrevocable OPEB plan assets and, as long as the plan's net position and projected contributions associated with current participants are expected to fully cover projected benefit payments (including expenses), this long-term rate may be used. For years in which the net position is not projected to cover projected benefit payments, the discount rate used is equal to the 20 year municipal bond yield. A single discount rate is then determined as a blend of the two rates, which produces the same discounted present value of benefits as the dual rate calculation. A depletion projection was performed, which estimates the point (if any) at which plan assets are no longer sufficient to satisfy benefit obligations. The District's net position was projected to fully cover projected benefit payments, therefore the long-term expected rate of return was selected for all years. As of June 30, 2018 a rate of 6.73% was used. As of June 30, 2019 a rate of 7.01% was used.

ACTUARIAL CERTIFICATION

Riverside Community College District (*District*) retained Grant Thornton to perform a valuation of its post-employment healthcare benefits plan for the purpose of determining its annual cost and disclosures in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75).

The undersigned consulting actuary is a member of the Society of Actuaries and other professional actuarial organizations, and meets the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to post-employment healthcare plans.

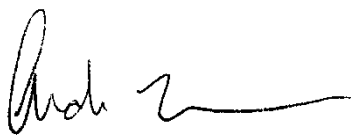
In preparing the results presented in this report, we have relied upon information provided to us regarding plan provisions, plan participants, and plan assets. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

Where reasonable, the actuarial assumptions and the accounting policies and methods employed in the development of the post-employment healthcare cost have been selected by the District, which relied upon actuarial audits and experience studies conducted for the California State Teachers Retirement System (CalSTRS) and the California Public Employees Retirement System (CalPERS). We did not independently study historical information to develop assumptions. As prescribed under GASB 75, the Entry Age Normal cost method was used, where normal costs are computed as a level annual percentage of salary.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices. In our opinion, the actuarial assumptions and methods represent reasonable expectations of anticipated plan experience. To fulfill the applicable accounting requirements, each actuarial assumption should be management's "best estimate solely with respect to that individual assumption."

The information contained in this report was prepared for the internal use of the District and its auditors in connection with the actuarial valuation of the post-employment healthcare plan. It is neither intended nor necessarily suitable for other purposes. The District may also distribute this actuarial valuation report to parties which have a legal right to require the District to provide them with this report, in which case they will provide this report in its entirety including all assumptions, caveats, and limitations.

We are available to answer questions on the material contained in the report or to provide explanations or further detail, as may be appropriate.



Andrew Etheridge, FSA, FCA, EA, MAAA
Senior Manager, Human Capital Services
Grant Thornton, LLP
September 23, 2019

ACCOUNTING & ACTUARIAL INFORMATION

A. RECONCILIATION OF TOTAL OPEB LIABILITY

The Total OPEB Liability (TOL) is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The following represents a reconciliation of the TOL from the beginning of the Fiscal Year (July 1, 2018) to the end of the Fiscal Year (June 30, 2019). The TOL as of June 30, 2019 is \$44,862,388.

Reconciliation of Total OPEB Liability		2018/2019 FY
Beginning of Year TOL		\$44,623,373
Service Cost		1,723,506
Interest Cost		2,976,284
Changes of Benefit Terms		0
Differences Between Expected and Actual Experience		701,697
Changes in Assumptions		(846,693)
<u>Actual Benefit Payments</u>		<u>(4,315,779)</u>
End of Year TOL		\$44,862,388
Discount Rate:		
Beginning of Year		6.73%
End of Year		7.01%

B. DEVELOPMENT OF OPEB EXPENSE

The OPEB Expense related to the July 1, 2018 – June 30, 2019 period is \$4,481,166. Deferred inflows and outflows of resources are amortized over the following periods depending on source.

- Differences between expected/actual experience and assumption changes are amortized over the average working lifetime (active and inactive participants).
- The difference between projected and actual earnings on any applicable OPEB plan investments is recognized over a 5-year period.
- Any plan changes are fully recognized.

OPEB Expense		2018/2019 FY
Service Cost		\$1,723,506
Interest Cost		2,976,284
Expected Return on Assets		(169,953)
Recognition of:		
Changes of Benefit Terms		0
Differences Between Expected and Actual Experience		87,167
Differences Between Projected and Actual Earnings		(30,659)
<u>Changes in Assumptions</u>		<u>(105,179)</u>
OPEB Expense		\$4,481,166
Beginning of Year:		
Discount Rate		6.73%
Expected Rate of Return		6.73%
Average Expected Service Life		8.05
<i>Expected</i> Benefit Payments		\$3,636,565

C. SCHEDULE OF DEFERRED INFLOWS & OUTFLOWS

Differences between expected and actual experience, assumption changes, and projected and actual earnings, are amortized over their respective periods as discussed in the prior section. The amounts left to be amortized in the future are reported as deferred inflows and outflows of resources.

The table below summarizes the current balances of collective deferred inflows and outflows of resources along with the net recognition through annual expense over future years.

Schedule of Deferred Inflows/Outflows		June 30, 2019	
	Deferred Inflows	Deferred Outflows	
Differences Between Expected and Actual Experience	\$0	\$614,530	
Differences Between Projected and Actual Earnings ³	96,258	0	
<u>Changes in Assumptions</u>	<u>741,514</u>	<u>0</u>	
Total	\$837,772	\$614,530	

Amounts reported as deferred inflows and outflows of resources will be recognized in the OPEB expense as follows:

Fiscal Year Ending June 30:	Recognition
2020	(\$48,671)
2021	(48,671)
2022	(48,671)
2023	(22,292)
2024	(18,012)
Thereafter	(\$36,925)

D. SENSITIVITY OF NOL TO CHANGES IN DISCOUNT RATE

Changes in the discount rate affect the measurement of the NOL. Lower discount rates produce a higher NOL, while higher discount rates produce a lower NOL.

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$46,251,484	\$43,140,724	\$40,269,413

E. SENSITIVITY OF NOL TO CHANGES IN HEALTHCARE COST TREND RATES

Changes in the healthcare trend rate affect the measurement of the NOL. Lower healthcare trend rates produce a lower NOL, while higher healthcare trend rates produce a higher NOL.

	1% Decrease	Current Trend	1% Increase
Total OPEB Liability	\$39,432,563	\$43,140,724	\$47,399,262

³ Includes a deferred inflow base of \$131,896 established by Riverside for the fiscal year ending June 30, 2018.

F. SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

The following schedule is intended to show information for a period of 10 years. However, the District recently adopted GASB 75, and therefore has limited information to disclose. This information will be included prospectively as the District continues to perform actuarial valuations and report under GASB 75.

	2018/2019 FY	2017/2018 FY ⁴
Total OPEB Liability		
Service Cost	\$1,723,506	\$1,751,284
Interest Cost	2,976,284	2,928,661
Changes of Benefit Terms	0	0
Differences Between Expected and Actual Experience	701,697	0
Changes in Assumptions	(846,693)	0
<u>Actual Benefit Payments</u>	<u>(4,315,779)</u>	<u>(3,585,234)</u>
Net Change in Total OPEB Liability	\$239,015	\$1,094,711
Total OPEB Liability – Beginning of Year	\$44,623,373	\$43,528,662
Total OPEB Liability – End of Year (a)	\$44,862,388	\$44,623,373
Plan Fiduciary Net Position		
<i>Actual</i> Employer Contributions	\$4,679,405	\$6,209,619
Net Investment Income	191,351	116,869
<i>Actual</i> Benefit Payments	(4,315,779)	(5,968,234)
<u>Administrative Expenses</u>	<u>(2,718)</u>	<u>(2,197)</u>
Net Change in Plan Fiduciary Net Position	\$552,259	\$356,057
Plan Fiduciary Net Position – Beginning of Year	\$1,169,405	\$813,348
Plan Fiduciary Net Position – End of Year (b)	\$1,721,664	\$1,169,405⁵
Net OPEB Liability – End of Year (a) – (b)	\$43,140,724	\$43,453,968
Plan Fiduciary Net Position as a percentage of the TOL	3.84%	2.62%
Covered Payroll	\$84,110,182	\$85,823,805
Net OPEB Liability as a percentage of Covered Payroll	51.29%	50.63%
Discount Rate:		
Beginning of Year	6.73%	6.73%
End of Year	7.01%	6.73%

⁴ Information has been updated to match June 30, 2018 audited financial statements.

⁵ Value has been updated from \$1,147,433 to match June 30, 2018 audited financial statements.

CENSUS INFORMATION⁶

The following table summarizes active and retiree demographic information:

	Participants
Actives	
Fully Eligible to Receive Plan Benefits	194
<u>Not Fully Eligible</u>	<u>856</u>
<i>Total</i>	<i>1,050</i>
Retirees	
Under Age 65	105
<u>Age 65 or over</u>	<u>3</u>
<i>Total Receiving Plan Benefits</i>	<i>108</i>
Total	1,158

	Actives	Retirees	Total
Average Age	45.69	61.89	47.20
Average Service	12.21	N/A	N/A

There were no material modifications to the data as provided by the District.

⁶ Census information used for July 1, 2017 valuation.

SCHEDULE OF ACTIVE PARTICIPANT DATA⁷

Attained Age	Attained Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	
Under 25	7	2	2	0	0	0	0	0	0	0	11
25 to 29	27	19	11	3	0	0	0	0	0	0	60
30 to 34	19	28	23	21	7	0	0	0	0	0	98
35 to 39	25	32	31	38	19	1	0	0	0	0	146
40 to 44	24	27	33	39	41	11	0	0	0	0	175
45 to 49	13	15	22	43	57	19	5	0	0	0	174
50 to 54	9	10	25	29	46	28	20	5	0	0	172
55 to 59	0	2	13	27	41	15	36	2	0	0	136
60 to 64	0	0	5	15	23	17	15	3	0	0	78
65 to 69	0	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0	0
Total	124	135	165	215	234	91	76	10	0	0	1,050

⁷ Census information used for July 1, 2017 valuation. Employees who never meet eligibility requirements prior to retirement are included in the valuation with zero actuarial liability.

ASSUMPTIONS & ACTUARIAL METHODS

The assumptions and methods displayed in this section were selected from the complete set of assumptions used to calculate liabilities for the plan. The District has reviewed the assumptions and recommended to the actuary that they be used. For certificated participants, it is assumed that their termination and retirement rates follow that prescribed by the CalSTRS experience study and actuarial assumptions. Non-certificated participants are assumed to follow termination and retirement behaviors exhibited in the CalPERS experience study and actuarial assumptions.

A. DISCOUNT RATE

In accordance with GASB 75, the discount rate as of June 30, 2018 and June 30, 2019 is the long-term expected rate of return. As of June 30, 2018 a rate of 6.73% was used. As of June 30, 2019 a rate of 7.01% was used.

Rationale: The District's net position was projected to fully cover projected benefit payments, therefore the long-term expected rate of return was selected for all years. The District participates in the California Employers' Retiree Benefit Trust (CERBT) fund and has elected Asset Allocation Strategy 2. Various asset strategies and corresponding long-term expected returns are developed by the CERBT and presented to the District for selection. It is out of the scope of our engagement to further assess this value, however, it does appear to be within a reasonable range.

B. HEALTHCARE TREND RATE

The healthcare trend assumption reflects healthcare cost inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). This research suggests a 5.50% medical cost increase for the 2018/2019 fiscal year, trending down to an ultimate 5.00% increase for the 2019/2020 and later fiscal years. Dental costs are assumed to increase 5.00% per year.

Fiscal Year	Medical Trend	Dental Trend
2018/2019	5.50%	5.00%
2019 and Beyond	5.00%	5.00%

Rationale: This assumption was set using publicly available market information and expectations of future plan experience and continues to be reasonable for the 2018-2019 fiscal year valuation.

C. MORBIDITY

Expected medical claims are assumed to increase 2%, on average, as participants age.

Rationale: This assumption was based on expectations of future experience under the plan with consideration for the current demographics of the covered population as of the 2017-2018 fiscal year valuation. This assumption continues to be reasonable for the 2018-2019 fiscal year valuation.

D. ACTUARIAL COST METHOD

The Entry Age Normal cost method was applied for actively employed participants, where the normal cost is computed as a level annual percentage of salary from the date of hire to assumed retirement, but no later than when benefit eligibility ceases. The actuarial liability is the difference between the present value of future benefits and the present value of future normal costs. This cost method is required under GASB 75.

Rationale: GASB 75 prescribes this method.

ASSUMPTIONS & ACTUARIAL METHODS (CONTINUED)

E. SALARY SCALE

Benefits are not salary based and therefore a wage inflation assumption of 3.00% was used. This assumption is only used for the application of the actuarial cost method.

Rationale: This assumption was based on expectations of future experience under the plan with consideration for the current demographics of the covered population as of the 2017-2018 fiscal year valuation. This assumption continues to be reasonable for the 2018-2019 fiscal year valuation.

F. MARRIAGE

Spouses were assumed where current benefit elections indicated spousal coverage. If spouse date of birth was not provided, males were assumed to be the same age as their female counterparts.

G. PARTICIPATION

It is assumed that new retirees select coverage, consistent with their active election, and participate in Medicare.

Rationale: This assumption is based on anticipated future experience under the plan as of the 2017-2018 fiscal year valuation. This assumption continues to be reasonable for the 2018-2019 fiscal year valuation.

H. LAPSE

All participants currently electing coverage under the plan are assumed to maintain coverage in the future.

Rationale: This assumption is based on anticipated future experience under the plan as of the 2017-2018 fiscal year valuation. This assumption continues to be reasonable for the 2018-2019 fiscal year valuation.

ASSUMPTIONS & ACTUARIAL METHODS (CONTINUED)

I. MORTALITY RATES

Select mortality rates are listed below.

	CalSTRS*				CalPERS			
Age	Male		Female		Male		Female	
	Active	Retired	Active	Retired	Active	Retired	Active	Retired
25	0.00023	0.00000	0.00013	0.00000	0.00040	0.00029	0.00023	0.00021
30	0.00033	0.00000	0.00014	0.00000	0.00049	0.00039	0.00025	0.00028
35	0.00034	0.00000	0.00018	0.00000	0.00057	0.00060	0.00035	0.00046
40	0.00057	0.00000	0.00034	0.00000	0.00075	0.00110	0.00050	0.00091
45	0.00076	0.00000	0.00041	0.00000	0.00106	0.00227	0.00071	0.00200
50	0.00103	0.00114	0.00063	0.00073	0.00155	0.00501	0.00100	0.00466
55	0.00143	0.00164	0.00093	0.00118	0.00228	0.00599	0.00138	0.00416
60	0.00238	0.00300	0.00179	0.00254	0.00308	0.00710	0.00182	0.00436
65	0.00435	0.00596	0.00368	0.00468	0.00400	0.00829	0.00257	0.00588
70	0.01411	0.01095	0.01099	0.00864	0.00524	0.01305	0.00367	0.00993
75	0.00000	0.01886	0.00000	0.01451	0.00713	0.02205	0.00526	0.01722
80	0.00000	0.03772	0.00000	0.02759	0.00990	0.03899	0.00814	0.02902
85	0.00000	0.07619	0.00000	0.05596	0.00000	0.06969	0.00000	0.05243
90	0.00000	0.14212	0.00000	0.11702	0.00000	0.12974	0.00000	0.09887
95	0.00000	0.22860	0.00000	0.17780	0.00000	0.22444	0.00000	0.18489
100	0.00000	1.00000	0.00000	1.00000	0.00000	0.32536	0.00000	0.30017
105	0.00000	1.00000	0.00000	1.00000	0.00000	0.58527	0.00000	0.56093
>=110	0.00000	1.00000	0.00000	1.00000	0.00000	1.00000	0.00000	1.00000

* Future retirees are valued with a two-year age setback.

Rationale: This assumption is based on the expectation that future experience under the plan will be materially consistent with the assumptions utilized in the CalSTRS and CalPERS valuations. CalSTRS mortality rates are from the 2015 experience study and the CalPERS mortality rates are from the 2014 experience study. This assumption continues to be reasonable for the 2018-2019 fiscal year valuation.

ASSUMPTIONS & ACTUARIAL METHODS (CONTINUED)

J. RETIREMENT RATES

Select retirements per 100 employees are listed below.

CalSTRS				
	Under 30 Years		Over 30 Years	
Age	Male	Female	Male	Female
50	0.0	0.0	1.5	2.5
55	2.7	4.5	8.0	9.0
60	6.3	9.0	27.0	31.0
65	13.5	14.4	32.5	37.5
70	10.8	13.5	30.0	35.0
75	100.0	100.0	100.0	100.0

* For participants with 25 years of service, but less than 28 years, the assumed retirement rates are twice that of the above rates.

CalPERS										
Age	Years of Service									
	5	10	15	20	25	30	35	40	45	50
50	0.5	0.9	1.3	1.5	1.6	1.8	2.2	0.0	0.0	0.0
55	2.4	4.8	6.7	7.9	8.8	9.9	11.6	12.7	0.0	0.0
60	3.7	7.3	10.2	12.1	13.4	15.0	17.6	19.3	19.3	0.0
65	9.1	18.0	25.1	29.7	33.1	37.0	43.5	47.5	47.5	100.0
70	6.6	13.1	18.3	21.6	24.1	27.0	31.6	34.6	34.6	100.0
75	5.5	10.8	15.1	17.9	19.9	22.3	26.2	28.6	28.6	100.0

Rationale: This assumption is based on the expectation that future experience under the plan will be materially consistent with the assumptions utilized in the CalSTRS and CalPERS valuations. CalSTRS retirement rates are from the 2015 experience study and the CalPERS retirement rates are from the 2014 experience study. This assumption continues to be reasonable for the 2018-2019 fiscal year valuation.

ASSUMPTIONS & ACTUARIAL METHODS (CONTINUED)

K. TERMINATION RATES

Select terminations per 100 employees are listed below:

CalSTRS		
Years of Service	Male	Female
0	16.0	15.0
1	13.0	12.0
2	9.0	8.5
3	6.4	6.4
4	4.6	4.6
5	3.9	3.9
10	1.8	1.8
15	0.9	0.9
20	0.5	0.5
25	0.3	0.3
30	0.2	0.2

CalPERS					
Years of Service	Entry Ages				
	20	25	30	35	40
5	8.2	7.3	6.5	5.7	4.8
10	6.3	5.4	4.5	3.6	-
15	5.4	4.4	3.4	-	-
20	4.2	3.2	-	-	-
25	2.9	-	-	-	-
30	-	-	-	-	-

Rationale: This assumption is based on the expectation that future experience under the plan will be materially consistent with the assumptions utilized in the CalSTRS and CalPERS valuations. CalSTRS termination rates are from the 2015 experience study and the CalPERS termination rates are from the 2014 experience study. This assumption continues to be reasonable for the 2018-2019 fiscal year valuation.

CHANGES IN ASSUMPTIONS SINCE THE PRIOR VALUATION

- The discount rate as of the end of the fiscal year changed from 6.73% to 7.01% based on the change in the expected rate of return for Strategy 2 CERBT investments.

PLAN PROVISIONS

The following summary of plan provisions represents our understanding of the Riverside Community College District (*District*) substantive plan, which is a single-employer defined benefit OPEB plan.

Employees who retire from the District are eligible for post-employment medical and dental benefits pursuant to the provisions below.

ELIGIBILITY

- At least age 50 or 55, depending on service
- Coverage ceases at age 65
- Retire from active service
- Full time employee at retirement

DEPENDENT ELIGIBILITY

Yes

SURVIVOR ELIGIBILITY

No

BENEFITS

All Employees

- Retirees age 55 but less than age 65, with at least 10 years of service will received District paid health benefits up to age 65.
- Retirees that meet one of the following criteria are allowed to purchase district offered medical coverage with no subsidy from the District:
 - age 55 or older with less than 10 years of service,
 - age 50 or older with at least 10 years of service, or
 - upon reaching age 65.
- Spouses and/or eligible dependents of a deceased employee or deceased retiree may purchase District offered medical coverage with no subsidy from the District.
- Benefits cease at age 65.
- Post age 65 retirees may purchase medical benefits at their expense as a supplement to Medicare A and B.

Special Arrangements

- Charles Kane, John Matulich, and Gordon Woolley receive medical, dental, and life insurance benefits for life per the June 18, 1991 contract agreements. All of these participants are now deceased. Medical and dental coverage continues for their surviving spouses: Marilyn Kane, Carol Matulich, and Sue Woolley.

CHANGES IN PLAN PROVISIONS SINCE THE PRIOR VALUATION

- None.

GLOSSARY OF TERMS

Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience gains on the Total OPEB Liability, assumption changes reducing the Total OPEB Liability, or investment gains that are recognized in future reporting periods.

Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience losses on the Total OPEB Liability, assumption changes increasing the Total OPEB Liability, or investment losses that are recognized in future reporting periods.

Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 75 calculations. 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 ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total OPEB Liability.

Implicit Rate Subsidy

It is a common practice for employers to permit retired employees (and their spouses or dependents) to continue in the employer's group health insurance plan (which also covers active employees) by paying the group premium charged to active employees. This practice creates an OPEB liability based on the theory that retirees have higher utilization of health care benefits than active employees. Unless the premium rate for retirees is set to fully recover their health costs, the premium for active employees is implicitly overstated to subsidize utilization by retirees. Similarly, unless the premium rate for retirees is set to fully recover their health costs, the premium for retirees is understated. This difference creates an implicit rate subsidy.

Measurement Date

The date as of which the Total OPEB Liability and Plan Fiduciary Net Position are measured. The Total OPEB Liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the plan.

GLOSSARY OF TERMS (CONTINUED)

Net OPEB Liability

The liability of employers and non-employer contributing entities for benefits provided through a defined benefit OPEB plan. It is calculated as the Total OPEB Liability less the Plan Fiduciary Net Position.

Plan Fiduciary Net Position

The fair or market value of assets.

Reporting Date

The last day of the OPEB plan or employer's fiscal year.

Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 75. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

Total OPEB Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 75. The Total OPEB Liability is the actuarial liability calculated under the entry age actuarial cost method.

APPENDIX A – DEPLETION ANALYSIS

A depletion analysis was performed to determine if the fiduciary net position would be able to cover projected benefit payments. The District's funding policy is to contribute pay as you go benefit payments to the trust as well as an additional discretionary amount related to future retiree benefits. The analysis incorporates this funding policy as well as assumes this funding policy, which in our judgement, will be maintained in future years.

Since the plan is open to new hires future normal costs for new participants were considered. Specifically, total payroll was projected and utilized to develop projected future normal costs and Gross Contributions as shown in the below table. Per GASB 75, the normal costs related to future participants cannot be considered in the projection of contributions for the depletion analysis, and the Net Contributions section reflects this.

Using the long term expected rate of return of 7.01%, the District's net position was projected to fully cover projected benefit payments for the foreseeable future. Therefore, the long term expected rate of return of was selected as the discount rate.

Year Beginning July 1	Beginning Market Value of Assets	Gross Contributions	Net Contributions	Benefit Payments	Expenses	Ending Market Value of Assets	Assets Cover Payments
2019	\$1,721,664	\$4,637,107	\$4,469,158	(\$3,768,573)	(\$17,217)	\$2,549,673	Yes
2020	2,549,673	4,733,694	4,476,550	(3,833,994)	(25,497)	3,367,093	Yes
2021	3,367,093	4,955,754	4,604,212	(4,075,594)	(33,671)	4,115,421	Yes
2022	4,115,421	5,009,486	4,557,014	(4,073,866)	(41,154)	4,861,397	Yes
2023	4,861,397	5,004,259	4,441,006	(3,982,477)	(48,614)	5,626,463	Yes
2024	5,626,463	4,976,897	4,301,129	(3,855,355)	(56,265)	6,424,039	Yes
2025	6,424,039	5,098,075	4,308,703	(3,931,137)	(64,240)	7,198,671	Yes
2026	7,198,671	5,444,690	4,539,788	(4,317,189)	(71,987)	7,859,190	Yes
2027	7,859,190	5,734,562	4,708,995	(4,625,012)	(78,592)	8,415,699	Yes
2028	8,415,699	5,604,809	4,455,022	(4,339,998)	(84,157)	9,037,588	Yes
2029	9,037,588	5,676,096	4,396,840	(4,325,675)	(90,376)	9,651,238	Yes
2030	9,651,238	6,225,726	4,813,818	(4,983,566)	(96,512)	10,052,197	Yes
2031	10,052,197	6,779,830	5,231,746	(5,651,248)	(100,522)	10,218,605	Yes
2032	10,218,605	6,644,257	4,951,892	(5,344,529)	(102,186)	10,422,763	Yes
2033	10,422,763	7,077,388	5,240,120	(5,842,743)	(104,228)	10,421,774	Yes
2034	10,421,774	7,307,360	5,327,506	(6,059,363)	(104,218)	10,286,960	Yes
2035	10,286,960	7,209,593	5,086,152	(5,811,765)	(102,870)	10,150,556	Yes
2036	10,150,556	7,447,076	5,177,619	(6,030,897)	(101,506)	9,873,861	Yes
2037	9,873,861	7,365,003	4,945,742	(5,795,176)	(98,739)	9,584,613	Yes
2038	9,584,613	7,355,397	4,787,535	(5,654,795)	(95,846)	9,259,631	Yes
2039	9,259,631	7,715,823	4,997,036	(6,041,392)	(92,596)	8,731,928	Yes
2040	8,731,928	7,565,156	4,694,307	(5,712,582)	(87,319)	8,199,692	Yes
2041	8,199,692	7,319,191	4,297,893	(5,242,933)	(81,997)	7,711,455	Yes
2042	7,711,455	7,150,583	3,978,320	(4,875,353)	(77,115)	7,243,737	Yes
2043	7,243,737	7,072,014	3,746,744	(4,634,664)	(72,437)	6,757,506	Yes



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