State Center Community College District

GASB 75 Actuarial Valuation Report

For Post-Employment Benefits Other than Pensions

July 1, 2016 – June 30, 2017 Fiscal Year

CONTENTS

Page

EXECUTIVE SUMMARY 1
PLAN OVERVIEW 1
SUMMARY OF KEY RESULTS 1
DEMOGRAPHIC INFORMATION 2
ASSETS 2
DISCOUNT RATE 2
ACTUARIAL CERTIFICATION 3
ACCOUNTING & ACTUARIAL INFORMATION 4
RECONCILIATION OF TOTAL OPEB LIABILITY 4
DEVELOPMENT OF OPEB EXPENSE 4
SCHEDULE OF DEFERRED INFLOWS & OUTFLOWS 5
SENSITIVITY OF TOL TO CHANGES IN DISCOUNT RATE 5
SENSITIVITY OF TOL TO CHANGES IN HEALTHCARE TREND RATES ... 5
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION 6
CENSUS INFORMATION 7
SCHEDULE OF ACTIVE PARTICIPANT DATA 8
ASSUMPTIONS & ACTUARIAL METHODS 9
PLAN PROVISIONS 13
GLOSSARY OF TERMS 17

Executive Summary

A. Plan Overview

State Center 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). This report includes measurements of the OPEB obligations, annual expense, and other required disclosure items in accordance with GASB 75.

The District provides medical, dental, and vision 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, 2016 – June 30, 2017 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.

Measurement Date	**June 30, 2017**
Reporting Date	**June 30, 2017**
Present Value of Future Benefits	
Actives	$43,885,073
Retirees	10,826,664
Total	**$54,711,737**
Total OPEB Liability *(Entry Age Normal)*	
Actives	$28,044,666
Retirees	10,826,664
Total	**$38,871,330**
Plan Assets	(15,999,351)
Net OPEB Liability	**$22,871,979**
GASB 75 Measures	**2016/2017 FY**
OPEB Expense	**$2,511,347**
Employer Contributions (Pay-As-You-Go)[1]	**$1,290,291**

[1] Actual annual employer contributions based on data received from the District.

C. DEMOGRAPHIC INFORMATION

Demographic Information	2016/2017 FY
Active Participants	1,266
Retired Participants	430
Total	**1,696**

D. ASSETS

As of the valuation date, the District has set aside assets in a 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, 2017
Market Value of Assets	$15,999,351
Actuarial Value of Assets	$15,999,351
Money-Weighted Rate of Return (2016/2017 FY)	10.43%

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, 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 or index. 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 duel 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 cover projected benefit payments in all years. Therefore, the discount rate is set equal to the long-term expected return on assets of 4.25%.

ACTUARIAL CERTIFICATION

State Center 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 consulting actuary is a member of the Society of Actuaries and other professional actuarial organizations, and meets the "Qualification Standard for Prescribed Statements of Actuarial Opinion" 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 discount rate was selected to be the expected return on assets assumption.

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.

Brett Schwab

Brett Schwab, ASA, EA, FCA, MAAA
Director & Lead Actuary, Human Capital Services
Grant Thornton, LLP
August 23, 2017

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, 2016) to the end of the Fiscal Year (June 30, 2017). The TOL as of June 30, 2017 is $38,871,330.

Reconciliation of Total OPEB Liability	2016/2017 FY
Beginning of Year TOL	**$35,026,465**
Service Cost	1,491,292
Interest Cost	1,523,921
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	0
Changes in Assumptions	2,119,943
Actual Benefit Payments	(1,290,291)
End of Year TOL	**$38,871,330**
Discount Rate:	
Beginning of Year	4.25%
End of Year	4.25%

B. Development of OPEB Expense

The OPEB Expense related to the July 1, 2016 – June 30, 2017 period is $2,511,347. 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	2016/2017 FY
Service Cost	$1,491,292
Interest Cost	1,523,921
Expected Return on Assets	(596,592)
Recognition of:	
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	0
Differences Between Projected and Actual Earnings	(191,068)
Changes in Assumptions	283,794
OPEB Expense	**$2,511,347**
Beginning of Year:	
Discount Rate	4.25%
Expected Rate of Return	4.25%
Average Working Lifetime	7.47
Actual Benefit Payments	$1,290,291

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, 2017**	
	Deferred Inflows	**Deferred Outflows**
Differences Between Expected and Actual Experience	0	0
Differences Between Projected and Actual Earnings	764,274	0
Changes in Assumptions	0	1,836,149
Total	**$764,274**	**$1,836,149**

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

Year Ending June 30:	**Recognition**
2018	$92,726
2019	92,726
2020	92,726
2021	92,726
2022	283,794
Thereafter	$417,179

D. Sensitivity of TOL to Changes in Discount Rate

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

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$44,275,439	$38,871,330	$34,387,997

E. Sensitivity of TOL to Changes in Healthcare Cost Trend Rates

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

	1% Decrease	Current Trend	1% Increase
Total OPEB Liability	$34,045,312	$38,871,330	$44,987,106

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.

	2016/2017 FY
Total OPEB Liability	
Service Cost	$1,491,292
Interest Cost	1,523,921
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	0
Changes in Assumptions	2,119,943
Actual Benefit Payments	(1,290,291)
Net Change in Total OPEB Liability	**$3,844,865**
Total OPEB Liability – Beginning of Year	**$35,026,465**
Total OPEB Liability – End of Year (a)	**$38,871,330**
Plan Fiduciary Net Position	
Actual Employer Contributions	$900,000
Net Investment Income	1,551,934
Actual Benefit Payments	0
Administrative Expenses	(88,535)
Net Change in Plan Fiduciary Net Position	**$2,363,399**
Plan Fiduciary Net Position – Beginning of Year	**$13,635,952**
Plan Fiduciary Net Position – End of Year (b)	**$15,999,351**
Net OPEB Liability – End of Year (a) – (b)	**$22,871,979**
Plan Fiduciary Net Position *as a percentage of the TOL*	**41.16%**
Covered Payroll	**$98,270,799**
Net OPEB Liability *as a percentage of Covered Payroll*	**23.27%**
Discount Rate:	
Beginning of Year	4.25%
End of Year	4.25%

CENSUS INFORMATION

The following table summarizes active and retiree demographic information:

	Participants
Actives	
Fully Eligible to Receive Plan Benefits	398
Not Fully Eligible	868
Total	*1,266*
Retirees	
Under Age 65	42
Age 65 or over	388
Total Receiving Plan Benefits	*430*
Total	**1,696**

	Actives	Retirees	Total
Average Age	47.64	74.54	54.46
Average Service	12.53	N/A	N/A

SCHEDULE OF ACTIVE PARTICIPANT DATA

	Attained Service										
Attained Age	**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**	**Total**
Under 25	7	6	3	0	0	0	0	0	0	0	**16**
25 to 29	28	28	7	2	0	0	0	0	0	0	**65**
30 to 34	37	37	34	17	2	0	0	0	0	0	**127**
35 to 39	15	27	37	48	16	0	0	0	0	0	**143**
40 to 44	31	20	35	50	40	9	1	0	0	0	**186**
45 to 49	11	19	38	30	45	19	3	0	0	0	**165**
50 to 54	11	11	20	46	43	24	17	3	0	0	**175**
55 to 59	3	14	21	38	56	28	21	8	6	0	**195**
60 to 64	4	4	12	24	36	18	19	14	2	0	**133**
65 to 69	1	1	1	7	10	9	8	4	1	3	**45**
70 & up	0	0	0	0	4	2	6	0	2	2	**16**
Total	**148**	**167**	**208**	**262**	**252**	**109**	**75**	**29**	**11**	**5**	**1,266**

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 mortality, termination, and retirement rates follow that prescribed by the CalSTRS experience study and actuarial assumptions. Non-certificated participants are assumed to follow mortality, 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, 2016 and June 30, 2017 is the expected return on assets of 4.25%, as projected benefit payments are expected to be fully covered by plan investments.

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 7.00% medical cost increase for the 2016-2017 fiscal year, trending down to an ultimate 5.00% increase for the 2024-2025 and later fiscal years. Dental and vision costs are assumed to increase at 5.00% per fiscal year.

Fiscal Year	Medical Trend	Dental & Vision Trend
2016-2017	7.00%	5.00%
2017-2018	6.75%	5.00%
2018-2019	6.50%	5.00%
2019-2020	6.25%	5.00%
2020-2021	6.00%	5.00%
2021-2022	5.75%	5.00%
2022-2023	5.50%	5.00%
2023-2024	5.25%	5.00%
2024 and Beyond	5.00%	5.00%

C. Morbidity

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

D. 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. 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.

E. Salary Scale

Salary is assumed to increase at a rate of 3.00% per year, and represents merit increases plus cost of living adjustments (COLA).

Assumptions & Actuarial Methods (Continued)

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 three years older than their female counterparts.

G. Participation

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

H. Mortality[2]

Select mortality rates are listed below.

	CalSTRS*				CalPERS			
	Male		Female		Male		Female	
Age	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.

[2] Per the most recent experience studies performed for CalSTRS and CalPERS.

Assumptions & Actuarial Methods (Continued)

I. Retirement Rates[3]

Select retirements per 100 employees are listed below.

CalSTRS				
	Under 30 Years of Service		Over 30 Years of Service	
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

CalPERS										
	Years of Service									
Age	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

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

[3] Per the most recent experience studies performed for CalSTRS and CalPERS.

Assumptions & Actuarial Methods (Continued)

J. Termination Rates[4]

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	-	-	-	-	-

[4] Per the most recent experience studies performed for CalSTRS and CalPERS.

Plan Provisions

The following summary of plan provisions represents our understanding of the State Center Community College District ***("District")*** substantive plan.

Employees who retire from the District may be eligible for post-employment medical, dental and vision benefits pursuant to the provisions below (Board Members also may be eligible for post-employment life insurance benefits).

Eligibility

- Retire from active service
- **Certificated:** Age 55 or older with 10 years of service
- **Classified:** Age 50 or older, 10 years of service (Option 1)
Age 60 or older, 10 years of service (Option 2)
- **Board Members:** See below
- **Management and Confidential:**
Age 50 or older, 10 years of service (Option 1)
Age 55 to 65, 10 years of service (Option 2)
Age 50 or older, 5 years of service (Option 3)

Dependent Eligibility

Yes

Survivor Eligibility

Yes, for Certificated/Classified/Confidential/Management Option 1.1 and Classified Option 2.1 if hired prior to 07/01/2013

PLAN PROVISIONS (CONTINUED)

BENEFITS

Certificated -- Option 1.1 (unit members hired on or before June 30, 2013)

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive a District subsidy up to a maximum of $2,400 per year until reaching age 65.
- After reaching age 65, retirees with at least 15 years of service at retirement, will receive a District contribution up to a maximum of $2,510.09 per year effective July 1, 2012 (increased annually by 2% effective September 1, 2012) toward the retiree's medical insurance premiums. The District pays the full medical cost for retirees belonging to the bargaining unit group 'SCFT 1984 ERIP' and a flat amount of $800 per year for retirees in the groups 'AFT 1981-83' and 'AFT 1978-80'.
- Upon the death of the retiree, benefits will be paid for the un-remarried surviving spouse from the spouse's age 60 until age 65 or for life if the retiree had at least 15 years of service.
- Retirees meeting the eligibility conditions can receive fixed quarterly cash payments in lieu of medical benefits. The amount of the cash payment is set by the District and varies by year of retirement.

Certificated -- Option 1.2 (unit members hired on or after July 1, 2013)

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive a District subsidy up to a maximum of $2,400 per year until reaching age 65.
- After reaching age 65, retirees with at least 15 years of service at retirement, will receive a District contribution up to a maximum of $2,510.09 per year toward the retiree's medical insurance premiums, up to age 70.
- Retirees meeting the eligibility conditions can receive fixed quarterly cash payments in lieu of medical benefits. The amount of the cash payment is set by the District and varies by year of retirement.

Certificated -- Option 2

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive 70% of the District's normal contribution for active members until reaching age 65, this amount is currently $8,643.60 per year.
- Upon the death of the retiree, benefits will be paid for the un-remarried surviving spouse from the spouse's age 60 until age 65. Surviving spouse shall not be eligible for benefit contributions for employees hired on or after July 1, 2013.

PLAN PROVISIONS (CONTINUED)

BENEFITS (CONTINUED)

Classified -- Option 1.1 (unit members hired on or before June 30, 2013)

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive a maximum of $2,400 per year, until reaching age 65.
- After reaching age 65 the District will contribute up to a maximum of $1,600.00 per year effective July 1, 2000 (increased annually by 2% effective September 1, 2001) toward the retiree's medical insurance premiums until age 70 for retirees with at least 15 years of service and for life for retirees with at least 20 years of service. For retirees belonging to the bargaining unit group CSEA ERIP 1984, the District pays a flat amount of $800 per year with no annual increases.
- Retirees meeting the eligibility conditions can receive fixed quarterly cash payments in lieu of medical benefits. The amount of the cash payment is set by the District and varies by year of retirement.

Classified -- Option 1.2 (unit members hired on or after July 1, 2013)

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive a maximum of $2,400 per year, until reaching age 65.
- After reaching age 65 the District will contribute up to a maximum of $2,029.19 annually toward the retiree's medical insurance premiums until age 70.
- Retirees meeting the eligibility conditions can receive fixed quarterly cash payments in lieu of medical benefits. The amount of the cash payment is set by the District and varies by year of retirement.

Classified -- Option 2.1 (unit members hired on or before June 30, 2013)

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive 70% of the District's normal contribution for active members until reaching age 65, this amount is currently $8,643.60 per year.
- Upon the death of the retiree, benefits will be paid for the un-remarried surviving spouse from spouse's age 60 until age 65.

Classified -- Option 2.2 (unit members hired on or after July 1, 2013)

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive 70% of the District's normal contribution for active members until reaching age 65, this amount is currently $8,643.60 per year.

PLAN PROVISIONS (CONTINUED)

BENEFITS (CONTINUED)

Board Members

- Retired members of the governing board who serve in office after January 1, 1981, first elected to the Board before January 1, 1995; and whose total service at the time of termination exceeds 12 years, shall continue to be eligible for the same level of medical, dental, vision and life benefits as provided to full-time regular classified employees until death, as outlined in Board Policy 2730 and former Board Policy 9231 (1982-1995).

Management and Confidential -- Option 1

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive 80% of the District's normal contribution, up to a maximum of $2,400 per year, until reaching age 65.
- After reaching age 65 the District will contribute up to a maximum of $158.50 per month effective July 1, 1998 (increased annually by 2% effective September 1, 1999) toward the retiree's medical insurance premiums for life to retiree or surviving spouse.

Management and Confidential -- Option 2

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive 70% of the District's normal contribution, until reaching age 65.

Management and Confidential -- Option 3

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive $500 per year (5 years of consecutive service) or $800 per year (10 years of consecutive service) toward the District's medical insurance program for life of retiree or surviving spouse.

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.

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.

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.

Glossary of Terms (continued)

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.