STATE CENTER COMMUNITY COLLEGE DISTRICT

GASB 75 ACTUARIAL VALUATION REPORT

FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

July 1, 2018 – June 30, 2019 Fiscal Year

CONTENTS

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). 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.

Valuation Date	**July 1, 2019**
Measurement Date	**June 30, 2019**
Reporting Date	**June 30, 2019**
Present Value of Future Benefits	
Actives	$61,966,321
Retirees	9,249,887
Total	**$71,216,208**
Total OPEB Liability	
Actives	$40,817,710
Retirees	9,249,887
Total	**$50,067,597**
Plan Assets	19,648,690
Net OPEB Liability	**$30,418,907**
GASB 75 Measures For the Period Ending	**June 30, 2019**
OPEB Expense	**$4,632,945**
Actual Benefit Payments (Pay-As-You-Go)[1]	**$1,003,521**
Expected Benefit Payments, reflecting implicit rate subsidies[2]	**$2,006,818**

[1] Actual annual benefit payments based on information provided by the District.
[2] Estimated annual benefit payments based on valuation results.

C. Demographic Information

Demographic Information	FY 2018/2019
Active Participants	1,271
Retired Participants	284
Total	**1,555**

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	$19,648,690
Actuarial Value of Assets	$19,648,690
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 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 fully cover projected benefit payments, therefore the long-term expected rate of return of 4.50% was selected for all years. For additional details refer to Appendix A – Depletion Analysis which can be found at the end of this report.

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 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.

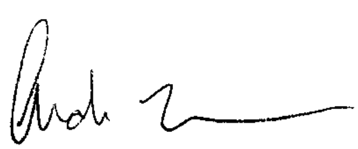
In preparing the results presented in this report, we have relied upon information provided to us regarding plan provisions, plan participants, and plan assets. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. 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
October 10, 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 $50,067,597.

Reconciliation of Total OPEB Liability	**2018/2019 FY**
Beginning of Year TOL	**$54,666,492**
Service Cost	1,962,678
Interest Cost	2,525,982
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	(8,084,034)
Changes in Assumptions	0
Actual Benefit Payments	(1,003,521)
End of Year TOL	**$50,067,597**
Discount Rate:	
Beginning of Year	4.50%
End of Year	4.50%

B. Development of OPEB Expense

The OPEB Expense related to the July 1, 2018 – June 30, 2019 period is $4,632,945. 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	1,962,678
Interest Cost	2,525,982
Expected Return on Assets	(823,545)
Recognition of:	
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	(997,470)
Differences Between Projected and Actual Earnings	(290,227)
Changes in Assumptions	2,255,527
OPEB Expense	**$4,632,945**
Beginning of Year:	
Discount Rate	4.50%
Expected Rate of Return	4.50%
Average Expected Service Life	8.31
Expected Benefit Payments	$2,006,818

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	$7,275,972	$0
Differences Between Projected and Actual Earnings	704,365	0
Changes in Assumptions	0	14,439,738
Total	**$7,980,337**	**$14,439,738**

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	$967,830
2021	967,828
2022	1,158,899
2023	1,233,306
2024	1,107,648
Thereafter	$1,023,890

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
Net OPEB Liability	$37,081,092	$30,418,907	$24,794,232

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
Net OPEB Liability	$23,876,311	$30,418,907	$38,583,989

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	2016/2017 FY
Total OPEB Liability			
Transfer of Liabilities	$0	($3,173,149)	$0
Service Cost	1,962,678	1,497,775	1,491,292
Interest Cost	2,525,982	1,560,009	1,523,921
Changes of Benefit Terms	0	0	0
Differences Between Expected and Actual Experience	(8,084,034)	(214,070)	0
Changes in Assumptions	0	17,114,643	2,119,943
Actual Benefit Payments	(1,003,521)	(990,046)	(1,290,291)
Net Change in Total OPEB Liability	**($4,598,895)**	**$15,795,162**	**$3,844,865**
Total OPEB Liability – Beginning of Year	**$54,666,492**	**$38,871,330**	**$35,026,465**
Total OPEB Liability – End of Year (a)	**$50,067,597**	**$54,666,492**	**$38,871,330**
Plan Fiduciary Net Position			
Actual Employer Contributions	$900,000	$900,000	$900,000
Net Investment Income	947,299	1,069,045	1,551,934
Actual Benefit Payments[3]	0	0	0
Administrative Expenses	(85,379)	(81,628)	(88,535)
Net Change in Plan Fiduciary Net Position	**$1,761,920**	**$1,887,417**	**$2,363,399**
Plan Fiduciary Net Position – Beginning of Year	**$17,886,770**	**$15,999,353**	**$13,635,952**
Plan Fiduciary Net Position – End of Year (b)	**$19,648,690**	**$17,886,770**	**$15,999,351**
Net OPEB Liability – End of Year (a) – (b)	**$30,418,907**	**$36,779,722**	**$22,871,979**
Plan Fiduciary Net Position *as a percentage of the TOL*	**39.24%**	**32.72%**	**41.16%**
Covered Payroll	**$108,490,065**	**$92,846,249**	**$98,270,799**
Net OPEB Liability *as a percentage of Covered Payroll*	**28.04%**	**39.61%**	**23.27%**
Discount Rate:			
Beginning of Year	4.50%	4.25%	5.00%
End of Year	4.50%	4.50%	4.25%

[3] The District elects to pay benefits on a pay-as-you-go basis and does not pay benefits from the trust.

CENSUS INFORMATION

The following table summarizes active and retiree demographic information:

	Participants
Actives	
Fully Eligible to Receive Plan Benefits	383
Not Fully Eligible	888
Total	*1,271*
Retirees	
Under Age 65	43
Age 65 or over	241
Total Receiving Plan Benefits	*284*
Total	**1,555**

	Actives	**Retirees**	**Total**
Average Age	48.02	76.15	53.16
Average Service	13.26	N/A	N/A

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

SCHEDULE OF ACTIVE PARTICIPANT DATA[4]

	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	0	1	0	0	0	0	0	0	0	0	**1**
25 to 29	4	38	16	3	0	0	0	0	0	0	**61**
30 to 34	5	58	35	18	1	0	0	0	0	0	**117**
35 to 39	4	62	35	43	19	3	0	0	0	0	**166**
40 to 44	15	30	21	60	39	5	0	0	0	0	**170**
45 to 49	3	48	16	45	52	34	5	0	0	0	**203**
50 to 54	1	19	22	34	33	34	14	8	0	0	**165**
55 to 59	1	19	16	29	56	31	22	8	2	0	**184**
60 to 64	1	8	7	22	30	29	27	8	5	1	**138**
65 to 69	0	4	2	5	13	10	9	4	3	0	**50**
70 & up	0	1	0	0	5	1	6	0	2	1	**16**
Total	**34**	**288**	**170**	**259**	**248**	**147**	**83**	**28**	**12**	**2**	**1,271**

[4] 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 expected long term rate of return. As of June 30, 2018 and as of June 30, 2019 this rate was 4.50%.

Rationale: As prescribed by GASB for a funded OPEB, the discount rate was developed using a depletion projection, 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.

B. Expected Long Term Rate of Return

The expected long term rate of return as of June 30, 2018 and as of June 30, 2019 is 4.50%.

Rationale: This assumption is based on the current asset mix and relevant long term capital market assumptions published by industry experts.

C. 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, combined with the District's historical premium rate experience, suggests a 6.75% medical cost increase for the 2019/2020 fiscal year grading down to an ultimate rate of 4.50% in the 2028/2029 fiscal year and beyond. In addition, dental and vision costs are assumed to increase at 5.00% per fiscal year.

Fiscal Year	Medical Trend
2019/2020	6.75%
2020/2021	6.50%
2021/2022	6.25%
2022/2023	6.00%
2023/2024	5.75%
2024/2025	5.50%
2025/2026	5.25%
2026/2027	5.00%
2027/2028	4.75%
2028/2029 and Beyond	4.50%

Rationale: This assumption was set using publicly available market information and expectations of future plan experience.

Assumptions & Actuarial Methods (Continued)

D. Morbidity

Based on the June 2013 Society of Actuaries Study entitled "Health Care Costs – From Birth to Death". Pre-age 65 morbidity rates were based on the PPO costs from Chart 3.

Rationale: Due to the size of the covered population, this assumption was based on industry tables with consideration for the current demographics of the covered population.

E. 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.

F. Salary Scale

Benefits are not salary based and therefore a wage inflation assumption of 2.75% was used. This assumption is only used for the application of the actuarial cost method.

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. The specific wage inflation assumption is based on the CalPERS 2017 experience study, with consideration for the CalSTRS 2015 experience study.

G. 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.

H. 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.

I. 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.

Assumptions & Actuarial Methods (Continued)

J. Mortality Rates

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	0.00029	0.00029	0.00011	0.00011
30	0.00033	0.00000	0.00014	0.00000	0.00038	0.00038	0.00015	0.00015
35	0.00034	0.00000	0.00018	0.00000	0.00049	0.00049	0.00027	0.00027
40	0.00057	0.00000	0.00034	0.00000	0.00064	0.00064	0.00037	0.00037
45	0.00076	0.00000	0.00041	0.00000	0.00080	0.00080	0.00054	0.00054
50	0.00103	0.00114	0.00063	0.00073	0.00116	0.00372	0.00079	0.00346
55	0.00143	0.00164	0.00093	0.00118	0.00172	0.00437	0.00120	0.00410
60	0.00238	0.00300	0.00179	0.00254	0.00255	0.00671	0.00166	0.00476
65	0.00435	0.00596	0.00368	0.00468	0.00363	0.00928	0.00233	0.00637
70	0.01411	0.01095	0.01099	0.00864	0.00623	0.01339	0.00388	0.00926
75	0.00000	0.01886	0.00000	0.01451	0.01057	0.02316	0.00623	0.01635
80	0.00000	0.03772	0.00000	0.02759	0.01659	0.03977	0.00939	0.03007
85	0.00000	0.07619	0.00000	0.05596	0.00000	0.07122	0.00000	0.05418
90	0.00000	0.14212	0.00000	0.11702	0.00000	0.13044	0.00000	0.10089
95	0.00000	0.22860	0.00000	0.17780	0.00000	0.21658	0.00000	0.17698
100	0.00000	1.00000	0.00000	1.00000	0.00000	0.32222	0.00000	0.28151
105	0.00000	1.00000	0.00000	1.00000	0.00000	0.46691	0.00000	0.43491
>=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 2017 experience study.

Assumptions & Actuarial Methods (continued)

K. 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							
	Years of Service						
Age	5	10	15	20	25	30	35
50	0.4	0.7	1.1	1.2	1.3	1.5	1.8
55	2.1	4.2	5.8	6.9	7.7	8.6	10.1
60	3.3	6.6	9.2	10.9	12.1	13.5	15.8
65	8.0	15.8	22.1	26.1	29.1	32.6	38.3
70	7.1	14.0	19.6	23.1	25.8	28.9	33.8
75	6.7	13.2	18.4	21.8	24.3	27.2	32.0
80	100.0	100.0	100.0	100.0	100.0	100.0	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 2017 experience study.

Assumptions & Actuarial Methods (continued)

L. 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	**30**	**40**
5	8.1	6.3	4.1
10	2.0	1.6	0.9
15	1.1	0.8	0.3
20	0.6	0.4	0.2
25	0.3	0.2	0.1
30	0.1	0.1	0.1

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 2017 experience study.

Changes in Assumptions Since the Prior Valuation

- None.

Plan Provisions

The following summary of plan provisions represents our understanding of the State Center Community College District ***(District)*** substantive plan, which is a single-employer defined benefit OPEB 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)
- **Police Officers Association:**
  Age 55 or older, 10 years of service

Dependent Eligibility

Yes

Survivor Eligibility

Yes for:
Certificated – Option 1.1 & 2
Classified – Option 1.1 & 2.1
POA – Option 1.1 & 2 (if hired prior to 7/1/2013)
Management/Confidential – Option 1 & 3

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 $2,771.34 per year effective July 1, 2017 (increased annually by 2% effective October 1, 2017) 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.
- Certificated retirees meeting the eligibility conditions may elect to receive fixed quarterly cash payments in lieu of medical benefits. The amount of the cash payment is set by the bargaining unit agreement. Such benefits are valued in a separate report under GASB 68.

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.
- Certificated retirees meeting the eligibility conditions may elect to receive fixed quarterly cash payments in lieu of medical benefits. The amount of the cash payment is set by the bargaining unit agreement. Such benefits are valued in a separate report under GASB 68.

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 September 1, 2000 (increased annually by 2% effective September 1, 2000) 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.
- 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 until age 70 for retirees with at least 15 years of service and for life for retirees with at least 20 years of service..

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, retirees with at least 15 years of service at retirement, will receive a District contribution up to a maximum of $2,029.19 annually toward the retiree's medical insurance premiums until age 70.

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, retirees with at least 15 years of service at retirement, will receive a District contribution 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.
- Upon the death of the retiree, benefits will be paid for the un-remarried surviving spouse from spouse's age 60 until age 65 or for life if the retiree had at least 15 years of service.

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.

PLAN PROVISIONS (CONTINUED)

BENEFITS (CONTINUED)

POA -- 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 65.
- After reaching age 65 the District will contribute up to a maximum of $2,771.34 per year for life for retirees with 15 years of service.
- Upon the death of the retiree, benefits will continue for the un-remarried surviving spouse from the spouse's age 60 until age 65 or for life if the retiree had 15 years of service.

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

- Retirees meeting the eligibility conditions who continue under the District's medical program will receive 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 until age 70.

POA - Option 2 (all unit members)

- Retirees age 55+ meeting the eligibility conditions who continue under the District's medical 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 death of retiree, benefits will be paid for the un-remarried surviving spouse from spouse's age 60 until age 65, for retirees hired on or before July 1, 2013.

CHANGES IN PLAN PROVISIONS SINCE THE PRIOR MEASUREMENT

- 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 preformed 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 outside of the trust plus an additional $1.9 million into the trust each year. Note, it was communicated that an additional $2 million will be contributed to the trust for fiscal year end 2020. 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 4.50%, the District's net position was projected to fully cover projected benefit payments for the foreseeable future. Therefore, the expected long term rate of return 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	$19,648,690	$4,771,900	$4,771,900	($1,557,552)	($78,595)	$23,739,189	Yes
2020	23,739,189	2,852,189	2,687,869	(1,830,538)	(94,957)	25,586,980	Yes
2021	25,586,980	2,934,255	2,620,210	(2,028,747)	(102,348)	27,238,514	Yes
2022	27,238,514	3,008,432	2,552,272	(2,172,061)	(108,954)	28,741,607	Yes
2023	28,741,607	3,085,651	2,492,124	(2,398,769)	(114,966)	30,012,882	Yes
2024	30,012,882	3,158,260	2,432,620	(2,593,347)	(120,052)	31,076,365	Yes
2025	31,076,365	3,234,780	2,374,594	(2,727,387)	(124,305)	31,986,969	Yes
2026	31,986,969	3,318,180	2,323,375	(2,909,124)	(127,948)	32,696,626	Yes
2027	32,696,626	3,401,240	2,272,466	(3,108,634)	(130,787)	33,179,263	Yes
2028	33,179,263	3,483,717	2,220,594	(3,259,637)	(132,717)	33,474,205	Yes
2029	33,474,205	3,567,548	2,166,937	(3,392,444)	(133,897)	33,590,554	Yes
2030	33,590,554	3,662,723	2,118,444	(3,566,674)	(134,362)	33,483,929	Yes
2031	33,483,929	3,753,502	2,061,319	(3,917,876)	(133,936)	32,955,427	Yes
2032	32,955,427	3,835,781	1,988,170	(4,211,395)	(131,822)	32,030,386	Yes
2033	32,030,386	3,914,976	1,912,340	(4,356,743)	(128,122)	30,841,347	Yes
2034	30,841,347	3,988,754	1,834,472	(4,652,807)	(123,365)	29,221,319	Yes
2035	29,221,319	4,072,781	1,764,461	(4,971,334)	(116,885)	27,137,735	Yes
2036	27,137,735	4,159,110	1,692,725	(5,025,074)	(108,551)	24,840,612	Yes
2037	24,840,612	4,230,051	1,608,754	(5,140,723)	(99,362)	22,245,403	Yes
2038	22,245,403	4,306,226	1,528,319	(5,213,661)	(88,982)	19,387,199	Yes
2039	19,387,199	4,380,683	1,440,347	(5,187,808)	(77,549)	16,348,551	Yes
2040	16,348,551	4,439,882	1,337,730	(5,261,492)	(65,394)	13,005,324	Yes
2041	13,005,324	4,499,479	1,236,042	(5,451,966)	(52,021)	9,226,590	Yes
2042	9,226,590	4,555,425	1,132,302	(5,546,425)	(36,906)	5,090,608	Yes
2043	5,090,608	4,601,636	1,014,689	(5,639,543)	(20,362)	569,952	Yes