Riverside Community College District

Post Employment Benefits

Other than Pensions

GASB 45

Actuarial Valuation

As of July 1, 2007

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A. Plan Overview

Riverside Community College District ***("Riverside")*** provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. As a result of offering such benefits, Riverside will be required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45").

Riverside provides medical benefits to retirees and their covered eligible dependents. Riverside pays a portion of the cost for eligible retirees, spouses and dependents. All active employees who retire directly from Riverside and meet the eligibility criteria may participate.

The summary below identifies the value of benefits at July 1, 2007 and costs for the 2007-2008 Fiscal Year according to the accounting requirements of GASB 45 and summarizes the actuarial valuation results by Riverside's active and retired employee groups.

Note that implicit rate subsidies as required by GASB 45 are factored into all relevant values in this report.

	July 1, 2007
Present Value of Future Benefits	
Actives	$19,173,535
Retirees	1,514,489
Total	**$20,688,024**
Actuarial Accrued Liability	
Actives	$8,251,535
Retirees	1,514,489
Total	**$9,766,024**
GASB 45 Measures	**2007-2008 FY**
Annual Required Contribution (ARC)	$1,474,187
Annual OPEB Cost	$1,474,187
Employer Contributions, reflecting implicit rate subsidies	$529,044
Employer Contributions (Pay-As-You-Go) [1]	$ 439,804

1. Estimated annual employer contributions based on data received from Riverside.

B. LIABILITIES AND NORMAL COST

The Actuarial Accrued Liability is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's Actuarial Accrued Liability (at July 1, 2007) is $9,766,024. The Actuarial Accrued Liability represents approximately 47.21% of the present value of future benefits.

Liabilities and Normal Cost	**July 1, 2007**
Actuarial Accrued Liability	$9,766,024
Plan Assets	0
Unfunded Actuarial Accrued Liability	$9,766,024
Normal Cost	$833,617

The Normal Cost for the plan is the amount that the liabilities are expected to increase during the year based on increased eligibility and service.

Normal Cost is the value of benefits expected to be earned during the year, again based on certain actuarial methods and assumptions. The 2007-2008 Fiscal Year Normal Cost is $833,617.

The results were calculated based upon plan provisions and census data, as provided by Riverside, along with certain demographic and economic assumptions as recommended by SMART with guidance from the GASB statement and approved by Riverside.

C. DEMOGRAPHIC INFORMATION

Data was provided by Riverside as of July 1, 2007.

Participant Information	**July 1, 2007**
Active Participants	802
Inactive Participants	38
Total	**840**
Employer Contributions	**2007-2008 FY**
Expected OPEB Contributions:	
Active Participants	$0
Inactive Participants	529,044
Total Contribution	**$529,044**

D. ASSETS

As of the valuation date, Riverside does not set aside assets in trust to pay future benefits.

Assets	July 1, 2007
Market Value of Assets Actuarial Value of Assets Investment Return	$0 $0 N/A

According to GASB 45, an employer has made a contribution to pay for future benefits only if it meets one of these 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.

E. ECONOMIC ASSUMPTIONS

GASB 45 requires that the discount rate used to calculate the actuarial present value of projected plan benefits should be the estimated long-term yield on the “investments that are expected to be used to finance the payments of benefits”. Since Riverside does not pre-fund plan liabilities, the discount rate should be based on “employer assets”, specifically, the long-term expected return on employer investments that are not restricted for other purposes and are expected to be used to finance benefit payments.

It is not clear how the general pool of assets used to finance Riverside’s payment of OPEB premiums is invested for the long-term. Many public sector employers are using a rate closer to the required rate under the Financial Accounting Standards Board No. 106 (FAS 106) to value postretirement healthcare benefits for private employers or what their peers are using. A rate of 5.00% is reasonable and consistent with what other similarly situated governmental employers are using.

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is “publicly available, objective and unbiased.”

ACTUARIAL CERTIFICATION

Riverside retained SMART Business Advisory and Consulting, LLC ("SMART") to perform a valuation of its postretirement welfare benefit plans for the purpose of determining its annual cost in accordance with GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. This valuation has been conducted in accordance with generally accepted actuarial principles and practices.

The consulting actuary is a member of the Society of Actuaries and other professional actuarial organizations, and meets their "General Qualification Standard for Public Statements of Actuarial Opinion" relating to postretirement welfare 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 postretirement welfare cost have been selected by Riverside, which relied upon actuarial audits and experience studies conducted for California Public Employees Retirement System (CALPERS) and California State Teachers Retirement System (CALSTRS). We did not independently study historic information to develop assumptions. The mortality table used for the valuation is RP-2000 projected to 2015. It was selected due to its relevance as a current mortality table and is also used by other governmental agencies to value their populations. The amortization of unfunded liabilities as a level dollar amount over 30 years was selected to comply with GASB 45 requirements for a Closed Group. Under a Closed Group Actuarial Cost Method, actuarial present values associated with future entrants are not considered. The selected discount rate is based on an expected return on assets for a pre-funded plan. The Unit Credit cost method was selected. When the benefit is pre-funded with an irrevocable trust, a method of valuing assets (e.g., market value or a smooth approach) will need to be selected.

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 Riverside and its auditors in connection with the actuarial valuation of the postretirement welfare plan. It is neither intended nor necessarily suitable for other purposes. Riverside may also distribute this actuarial valuation report to parties which have a legal right to require Riverside 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.

Robert L. Cohen, FSA, MAAA
Senior Manager, Compensation and Benefits
SMART Business Advisory and Consulting, LLC
May 12, 2008

The effective date of the new GASB OPEB Accounting Standard for Phase 2 employers is the Fiscal Year beginning after December 15, 2007. For Riverside, this is the period from July 1, 2008 through June 30, 2009. Early adoption for the 2007-2008 Fiscal Year is optional. The following exhibits show the Annual Required Contribution (ARC), Annual OPEB Cost (AOC), and projected June 30, 2008 Net OPEB Obligation (NOO), assuming the accounting standard is first adopted for the 2007-2008 Fiscal Year.

A. Development of Normal Cost

The Unit Credit cost method was selected. The cumulative Normal Cost across all active participants is $833,617.

B. Development of Annual Required Contribution

The Standard sets the method for determining Riverside's post employment benefits accrual, the Annual Required Contribution (ARC), to include both the value of benefits earned during the year (Normal Cost) and a supplemental cost based on an amortization of the Unfunded Actuarial Accrued Liability. Accordingly, the following table shows Riverside's 2007-2008 FY ARC based on a 30-year amortization of the Unfunded Actuarial Accrued Liability as a level dollar amount:

Fiscal Year Ending June 30, 2008	
Preliminary ARC	
a) Normal Cost	$833,617
b) Amortization payment	605,042
c) Beginning of year contribution	$1,438,659
d) Interest on contributions	35,528
e) Preliminary ARC	$1,474,187
ARC reflecting maximum amortization period	
a) Normal Cost	$833,617
b) Unfunded Liability	9,766,024
c) Amortization payment using maximum amortization period	605,042
d) ARC reflecting maximum amortization period	1,438,659
e) Interest on contributions	35,528
f) ARC reflecting maximum amortization period adjusted for interest	$1,474,187
Annual Required Contribution	$1,474,187

C. Development of Annual OPEB Cost

If there is no OPEB obligation on Riverside's financial statements at transition, then the Annual OPEB Cost is equal to the Annual Required Contribution. However, if there is an initial liability at transition, the Annual OPEB Cost should reflect an adjustment for the transition obligation. Note that GASB 45, in general, directs plan sponsors to set their Initial OPEB Obligation to zero at transition. However, this may result in inconsistent accounting results. We recommend you discuss this issue with your auditors if a liability is currently recorded on your financial statements.

The following table shows Riverside's Annual OPEB Cost projected to the end of the 2007-2008 Fiscal Year.

Fiscal Year Ending	**June 30, 2008**
Annual Required Contribution (ARC)	$1,474,187
Interest on Net OPEB Obligation	0
Adjustment to Annual Required Contribution	0
Total Annual OPEB Cost (AOC)	$1,474,187

D. Development of Net OPEB Obligation

Assuming there is no transitional OPEB obligation at adoption of GASB 45 for the 2007-2008 Fiscal Year, the following table shows an estimated development of Riverside's Net OPEB Obligation as of the end of the 2007-2008 Fiscal Year.

Fiscal Year Ending	**June 30, 2008**
1. Net OPEB Obligation (NOO) as of July 1, 2007	$0
2. Annual OPEB Cost	1,474,187
3. Annual Employer Contribution	529,044
4. Net OPEB Obligation as of June 30, 2008 (estimated)	$945,143

GASB 45 paragraph 26(a) requires the following elements to be listed in the report. Below is the projected schedule of funding progress:

Valuation Date	**Actuarial Value of Assets (a)**	**Actuarial Accrued Liability –Unit Credit (b)**	**Unfunded Actuarial Accrued Liability (b) – (a)**	**Funded Ratio (a) / (b)**	**Covered Payroll (c)**	**Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b) – (a)] / (c)**
July 1, 2007	0	$9,766,024	$9,766,024	0.00%	N/A	N/A

E. 25- YEAR PAYOUT PROJECTION

Annual payments expected based on the current census (i.e. a closed group projection) and actuarial assumptions detailed in Assumptions and Methods:

Fiscal Year Beginning July 1	Employer Contribution*	Active Headcount	Retiree Headcount
2007	$529,044	802.00	38.00
2008	551,550	753.83	33.82
2009	602,619	711.68	34.09
2010	639,188	677.80	32.51
2011	703,239	647.70	33.78
2012	720,568	620.26	32.44
2013	804,518	590.85	35.29
2014	874,734	562.60	37.16
2015	985,880	532.42	40.83
2016	1,135,116	503.25	44.28
2017	1,309,422	470.19	49.67
2018	1,504,931	437.82	54.67
2019	1,603,412	408.09	55.41
2020	1,645,733	376.50	53.36
2021	1,714,639	347.55	53.77
2022	1,745,100	318.23	50.23
2023	1,767,820	291.13	49.70
2024	1,698,863	266.68	46.60
2025	1,645,893	243.73	44.01
2026	1,670,198	222.05	41.69
2027	1,735,949	201.50	41.05
2028	1,610,542	182.62	36.79
2029	1,617,373	163.98	34.80
2030	1,798,957	145.54	38.85
2031	1,984,696	128.98	40.64

* Reflects implicit rate subsidies per GASB 45

The following table summarizes active and retiree demographic information:

	Participants
Actives	
Fully Eligible to Receive Plan Benefits	106
Not Fully Eligible	696
Total	802
Retirees	
Under Age 65	38
Age 65 or over	0
Total Receiving Plan Benefits	38
Total	**840**

	Actives	Retirees	Total
Average Age	46.75	62.30	47.56
Average Service	9.11	N/A	N/A

	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	3	7	0	0	0	0	0	0	0	0	10
25 to 29	15	13	5	0	0	0	0	0	0	0	33
30 to 34	15	33	30	1	0	0	0	0	0	0	79
35 to 39	11	43	45	10	2	0	0	0	0	0	111
40 to 44	4	24	47	14	14	1	0	0	0	0	104
45 to 49	11	18	49	22	27	6	2	0	0	0	135
50 to 54	4	22	48	23	29	7	5	2	0	0	140
55 to 59	7	11	31	15	22	16	2	0	2	0	106
60 to 64	3	9	20	8	9	5	7	2	4	1	68
65 to 69	0	0	2	2	4	0	1	1	2	0	12
70 & up	0	0	1	0	2	1	0	0	0	0	4
Total	73	180	278	95	109	36	17	5	8	1	802

ASSET INFORMATION

Riverside finances its OPEB contributions using a Pay-As-You-Go method.

Riverside has not established a plan or equivalent arrangement that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors.

The assumptions and methods displayed in this section were selected from the complete set of assumptions used to calculate liabilities for the plan. Riverside 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

The rate used to discount liabilities is 5.00%.

B. 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 10.00% long term average increase for all healthcare benefits, trending down to an ultimate 5.00% increase for 2012 and later years.

Year	Medical Trend
2007	10.00%
2008	9.00%
2009	8.00%
2010	7.00%
2011	6.00%
2012 and beyond	5.00%

C. Mortality

Mortality assumptions use the RP-2000 Combined Healthy table projected to 2015 using projection scale AA.

D. Morbidity

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

E. Marriage

Spouses were assumed where current benefit elections indicated spousal coverage. If spouse date of birth was not provided females were assumed to be 3 years younger than males.

F. Salary Scale

There are no liabilities dependent on salary, therefore no salary increase rate is assumed.

G. Cost Method

The Unit Credit cost method was selected to value liabilities. Wherever Normal Cost is stated, this cost method is assumed.

H. Data Assumptions

1. New Retiree Elections, Medical Coverage

It is assumed that new retirees select coverage, consistent with their active election, and are assumed to participate in Medicare. Individuals not eligible for a district offered subsidy are not assumed to purchase coverage from the district.

2. Amortization Period

The period selected for amortizing the unfunded actuarial liability in determining the ARC is the maximum limit of 30 years. Amortization reflects a closed, level dollar method.

I. Mortality Rates

Mortality for the valuation is the RP-2000 Combined Healthy Table projected to 2015 using projection scale AA. Select mortality rates are listed below. It is assumed that all participants are healthy and no deviation from the prescribed mortality is necessary.

Mortality Assumptions						
	Base Rates		Projection Scale		Projected Rates	
Age	Male	Female	Male	Female	Male	Female
20	0.00035	0.00019	0.01900	0.01600	0.00026	0.00015
25	0.00038	0.00021	0.01000	0.01400	0.00032	0.00017
30	0.00044	0.00026	0.00500	0.01000	0.00041	0.00023
35	0.00077	0.00048	0.00500	0.01100	0.00072	0.00040
40	0.00108	0.00071	0.00800	0.01500	0.00096	0.00056
45	0.00151	0.00112	0.01300	0.01600	0.00124	0.00088
50	0.00214	0.00168	0.01800	0.01700	0.00163	0.00130
55	0.00362	0.00272	0.01900	0.00800	0.00272	0.00241
60	0.00675	0.00506	0.01600	0.00500	0.00530	0.00469
65	0.01274	0.00971	0.01400	0.00500	0.01031	0.00900
70	0.02221	0.01674	0.01500	0.00500	0.01770	0.01553
75	0.03783	0.02811	0.01400	0.00800	0.03062	0.02492
80	0.06437	0.04588	0.01000	0.00700	0.05536	0.04129
85	0.11076	0.07745	0.00700	0.00600	0.09968	0.07076
90	0.18341	0.13168	0.00400	0.00300	0.17271	0.12588
95	0.26749	0.19451	0.00200	0.00200	0.25958	0.18876
100	0.34456	0.23747	0.00100	0.00100	0.33942	0.23393
105	0.39789	0.29312	0.00000	0.00000	0.39789	0.29312
110	0.40000	0.36462	0.00000	0.00000	0.40000	0.36462
115	0.40000	0.40000	0.00000	0.00000	0.40000	0.40000
>=120	1.00000	1.00000	0.00000	0.00000	1.00000	1.00000

J. Retirement Rates

Select retirement rates per 100 are listed below.

CALSTRS				
	Under 30 years		Over 30 years	
Age	Male	Female	Male	Female
50	0.0	0.0	1.5	1.5
51	0.0	0.0	1.5	1.5
52	0.0	0.0	1.5	1.5
53	0.0	0.0	2.0	1.5
54	0.0	0.0	2.0	2.0
55	3.0	5.0	6.0	8.0
56	2.0	3.5	6.0	8.0
57	2.0	3.5	8.0	10.0
58	3.0	4.5	12.0	15.0
59	5.0	6.0	16.0	18.0
60	7.0	10.0	25.0	30.0
61	7.0	10.0	40.0	35.0
62	9.0	12.0	35.0	32.0
63	13.0	18.0	27.0	30.0
64	12.0	15.0	27.0	27.0
65	14.0	16.0	27.0	27.0
66	10.0	15.0	27.0	27.0
67	10.0	15.0	27.0	27.0
68	10.0	15.0	27.0	27.0
69	10.0	15.0	27.0	27.0
70	100.0	100.0	100.0	100.0

CALPERS							
	Years of Service						
Age	5	10	15	20	25	30	35+
50	0.36	0.71	1.00	1.18	1.31	1.47	1.72
51	0.35	0.69	0.96	1.14	1.27	1.42	1.66
53	0.46	0.92	1.29	1.52	1.70	1.90	2.23
55	1.94	3.84	5.37	6.35	7.07	7.92	9.29
56	1.58	3.14	4.39	5.19	5.78	6.47	7.60
57	1.70	3.37	4.71	5.57	6.20	6.94	8.15
58	2.02	4.02	5.62	6.63	7.39	8.27	9.71
59	2.31	4.57	6.40	7.56	8.42	9.42	11.06
60	3.68	7.29	10.20	12.05	13.42	15.02	17.62
61	3.64	7.21	10.09	11.92	13.28	14.86	17.44
62	7.62	15.12	21.15	24.98	27.84	31.14	36.57
63	6.87	13.63	19.06	22.52	25.10	28.08	32.97
64	5.34	10.60	14.82	17.51	19.51	21.83	25.63
65	9.06	17.97	25.13	29.69	33.08	37.01	43.45
70	6.60	13.08	18.30	21.62	24.08	26.95	31.64
75	100	100	100	100	100	100	100

K. TERMINATION RATES

Select termination rates are listed below:

CALSTRS: Entry Ages – Male						
Year	Under 25 (%)	25-29 (%)	30-34 (%)	35-39 (%)	40-44 (%)	45 & Up (%)
0	15.3	15.3	15.3	15.3	15.3	15.3
1	12.5	12.5	12.5	12.5	12.5	13.5
2	7.7	7.7	7.7	7.7	7.7	8.6
3	6.3	5.4	5.4	5.4	5.4	6.3
4	4.4	4.4	4.4	4.4	4.4	4.4
5	3.9	3.0	3.0	3.0	3.0	3.6
6	3.5	2.8	2.8	2.8	2.9	
7	3.1	2.6	2.6	2.6	2.8	
8	2.8	2.4	2.4	2.4	2.6	
9	2.4	2.2	2.2	2.2	2.5	
10	2.0	2.0	2.0	2.0	2.4	
11	1.8	1.8	1.8	1.8		
12	1.6	1.6	1.6	1.7		
13	1.5	1.5	1.5	1.5		
14	1.3	1.3	1.3	1.4		
15	1.1	1.1	1.1	1.2		
16	1.0	1.0	1.0			
17	0.9	0.9	0.9			
18	0.8	0.8	0.8			
19	0.7	0.7	0.7			
20	0.6	0.6	0.6			
21	0.6	0.6				
22	0.6	0.6				
23	0.5	0.5				
24	0.5	0.5				
25	0.5	0.5				
26	0.4					
27	0.3					
28	0.2					
29	0.1					
30	0.0					

K. TERMINATION RATES (CONTINUED)

CALSTRS: Entry Ages – Female						
Year	Under 25 (%)	25-29 (%)	30-34 (%)	35-39 (%)	40-44 (%)	45 & Up (%)
0	15.3	15.3	15.3	15.3	15.3	15.3
1	10.0	10.0	10.0	10.0	10.0	10.0
2	7.2	7.2	7.2	7.2	7.2	7.2
3	6.3	6.3	5.8	5.3	4.9	4.9
4	5.8	5.8	5.4	4.9	3.9	3.0
5	5.5	5.8	4.2	2.9	2.5	2.5
6	4.9	5.0	3.7	2.6	2.3	
7	4.2	4.3	3.2	2.3	2.1	
8	3.6	3.5	2.7	2.0	2.0	
9	2.9	2.8	2.2	1.7	1.8	
10	2.3	2.0	1.7	1.4	1.6	
11	2.1	1.8	1.6	1.3		
12	1.8	1.6	1.4	1.2		
13	1.6	1.3	1.3	1.1		
14	1.3	1.1	1.1	1.0		
15	1.1	0.9	1.0	0.9		
16	1.0	0.9	1.0			
17	0.9	0.8	1.0			
18	0.8	0.8	0.9			
19	0.7	0.7	0.9			
20	0.6	0.7	0.9			
21	0.6	0.7				
22	0.6	0.7				
23	0.6	0.6				
24	0.6	0.6				
25	0.6	0.6				
26	0.5					
27	0.4					
28	0.2					
29	0.1					
30	0.0					

K. TERMINATION RATES (CONTINUED)

CALPERS								
	Years of Service							
Age	0	5	10	15	20	25	30	35+
20	16.17							
25	15.21	3.47						
30	14.25	3.11	2.15					
35	13.29	2.76	1.84	1.44				
40	12.33	2.40	1.53	1.18	0.91			
45	11.37	2.05	1.23	0.95	0.69	0.46		
50	10.41	1.69	0.92	0.66	0.47	0.29	0.19	
55	9.45	1.34	0.61	0.40	0.25	0.12	0.04	0.02
60	8.49	0.98	0.31	0.14	0.03	0.02	0.02	0.02
65	7.53	0.63	0.03	0.03	0.02	0.02	0.02	0.02
70	6.57	0.27	0.03	0.03	0.02	0.02	0.02	0.02

The following summary of plan provisions represents our understanding of the Riverside Community College District substantive plan.

Employees who retire from Riverside may be eligible for post-employment medical 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

None

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.

Actuarial Accrued Liability

Represents the portion of the present value of fully projected benefits attributable to service credit by the Actuarial Cost Method that has been earned (or accrued) as of the valuation date.

Actuarial Assumptions

Estimates of the occurrence of future events affecting pension costs, such as mortality, withdrawal, disablement and retirement, changes in compensation affecting benefits, and discount rates to reflect the time value of money.

Actuarial Cost Method

The method that determines how projected costs are allocated to valuation years.

Actuarial Gain/(Loss)

The difference between actual liabilities in the current plan year and those that were expected given the prior valuation results.

Actuarial Present Value

The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect (a) the time value of money (through discounts for interest) and (b) the probability of payment (by means of decrements for events such as death, disability, withdrawal, or retirement) between the specified date and the expected date of payment.

Amortization

Usually refers to the process of reducing a recognized liability systematically by recognizing expenses or costs.

Annual OPEB Cost (AOC)

An accrual-basis measure of the periodic cost of an employer's participation in an OPEB plan that specifies the amount of benefits.

Annual Required Contributions (ARC)

The employer's periodic required contributions to an OPEB plan that specifies the amount of benefits, calculated in accordance with the parameters of GASB 45.

Assets

The value of investments, stocks, bonds, cash, real estate, etc. held in trust to pay benefits to retired participants. For financial purposes, the assets offset the liabilities to determine funded status.

Collective Bargaining Agreement

The rules by which a union and a company agee to work under. Details pay and benefits information and rules governing how employees and the company work together.

Discount Rate

The interest rate used to adjust for the time value of money.

Employer Contributions

Contributions made in relation to the annual required contributions of the employer (ARC). An employer has made a contribution in relation to the ARC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or an equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

Gain or Loss

A change in the value of either the projected benefit obligation or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption.

Implicit Rate Subsidy

The difference between the true cost of healthcare coverage and the insurance premiums charged for retirees and older workers. Healthcare utilization and costs increase with age, yet when insurance premiums are set, they are often established as singular amounts without regard to age. A portion of the singular premium paid by younger workers subsidizes the higher costs for retirees and older workers. This subsidy is reallocated to the OPEB plan when determining the true costs under GASB 45.

Measurement Date

The date as of which plan assets and obligations are measured.

Mortality Rate

The proportion of the number of deaths in a specified group to the number living at the beginning of the period in which the deaths occur. Actuaries use mortality tables, which show death rates for each age, in estimating the amount of post-employment benefits that will become payable.

Net OPEB Obligation (NOO)

The cumulative difference since the employer's adoption of GASB 45 between annual OPEB cost and the employer's contributions to the plan. Included in this amount is the OPEB liability (asset) at transition, if any.

Normal Cost

Calculated in different ways, depending on the Cost Method, this is the portion of projected benefits allocated to the current plan year. In other words, the amount that the benefits will increase from one valuation year to the next. It is the actuarial present value of benefits attributed to services rendered by employees during the Fiscal Year based on actuarial methods and assumptions. The Normal Cost component is a portion of the present value of future benefits, and is unaffected by the funded status of the plan.

Other Post Employment Benefits (OPEB)

Other post employment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all post employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits

Pay-As-You-Go

A method where a sponsor recognizes plan costs and contributes to a plan equal to the current year's benefit outlay. A sponsor using "Pay-As-You-Go" does not fund for future OPEB payments.

Present Value of Future Benefits

The value, discounted to the valuation date, of all benefits estimated to be payable on or after the valuation date. Any implicit rate subsidies are factored into this present value.

Substantive Plan

The terms of an OPEB plan as understood by the employer(s) and plan members.

Turnover

Termination of employment for a reason other than death, disability or retirement.

Unfunded Actuarial Accrued Liability

The difference between Actuarial Accrued Liability and Plan Assets.