



Gallagher

Insurance | Risk Management | Consulting

ALBANY UNIFIED SCHOOL DISTRICT

GASB 75 ACTUARIAL VALUATION OF OTHER
POSTEMPLOYMENT BENEFITS PLAN
AS OF JUNE 30, 2024

DECEMBER 11, 2024

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EXECUTIVE SUMMARY**EXECUTIVE SUMMARY**

This report presents the results of the actuarial valuation of the Albany Unified School District ("District") postemployment benefit plan (other than pensions) as of the measurement date of June 30, 2024 under the Governmental Accounting Standards Board Statement No. 75 ("GASB 75").

The purpose of the report is to:

- Determine the plan's liabilities as of June 30, 2024
- Determine the Annual OPEB expense for the period July 1, 2023 to June 30, 2024 under GASB 75
- Document actuarial assumptions and plan provisions used in the fiscal year 2024 actuarial valuation

Postemployment Benefits

The District provides postemployment benefits for eligible participants enrolled in District-sponsored plans. The benefits are provided in the form of:

- An implicit rate subsidy where retirees pay combined active/retiree rates for health coverage.
- An explicit subsidy where the District contributes towards the retiree health premiums for life.

The Plan Provisions section of this report describes the postemployment benefits and plan provisions.

Key Results

A summary of the key valuation results is shown below. See glossary for a description of each item.

	FYE 2024 Results
Present Value of Future Benefits	\$43,317,000
Total OPEB Liability (BOY)	\$24,651,000
Total OPEB Liability (EOY)	\$24,461,000
Fiduciary Net Position	\$0
Net OPEB Liability (Unfunded Accrued Actuarial Liability)	\$24,461,000
Total OPEB Expense	\$2,428,000

Liability Reconciliation to Prior Year

The table below shows the Total OPEB Liability change development since the beginning of the year to the end of the year.

BOY Total OPEB Liability (TOL)	\$ 24,651,000
Passage of Time	1,949,000
Plan Experience	(3,676,000)
Assumptions Changes	1,537,000
EOY TOL	\$ 24,461,000

EXECUTIVE SUMMARY

Changes in Experience

The valuation incorporates the following changes in experience from the prior valuation:

- Updated census information, and
- Current plan cost information, including retiree premiums and contributions.

The aggregate impact of experience changes to the total OPEB liability is a decrease of \$3.7 million.

Retirees who elected medical coverage decreased by 55%, which accounted for majority of the decrease in the liability. This was somewhat offset by a slight decrease in the actual premiums versus the expected as well as a slight increase in actual claims versus expected.

Changes of Actuarial Assumptions

The valuation incorporates the following assumption changes from the prior valuation:

- The discount rate was updated from 3.65% to 3.93%.
- The trend rates were updated to an initial rate of 7.75% (6.75% for Post-65) grading down to an ultimate rate of 4.00%. The initial rate and the grade down period is extended to account for recent inflationary pressures and price increases over the next couple of years.
- The retirement rates were updated to the rates from the CalPERS Actuarial Valuation as of June 30, 2023 and the CalSTRS Actuarial Valuation as of June 30, 2023.

The aggregate impact of assumption changes to the total OPEB liability is an increase of \$1.5 million.

This valuation's key actuarial assumptions and supporting documentation for GASB 75 are summarized in the Actuarial Assumptions and Methods section of this report.

II ACTUARIAL CERTIFICATION

Notices

At the request of the District, Gallagher completed the actuarial valuation as of June 30, 2024 under Statement No. 75 of the Governmental Accounting Standards Board. The calculations derived for this report have been made on a basis consistent with our understanding of GASB 75. The valuation has been conducted in accordance with generally accepted actuarial principles and practices as set forth in the following Actuarial Standards of Practice:

- ASOP 6: Measuring Retiree Group Benefit Obligations
- ASOP 21: Responding to or Assisting Auditors of Examiners in Connection with Financial Statements in All Practice Areas
- ASOP 23: Data Quality
- ASOP 41: Actuarial Communications
- ASOP 56: Modeling

Gallagher prepared this report for the exclusive use of the District and its auditors in their review of GASB 75 results solely for financial accounting requirements. This report may not be used for any other purpose. Gallagher is not responsible for the consequences of any unauthorized use of this report by any other party; this report's content may not be altered for any reason without Gallagher's permission.

In preparing this report, we relied on the employee data, plan information and claims data provided by the District. While the scope of the engagement did not call for us to perform an audit or independent verification of this information, we reviewed it for reasonableness. The accuracy of the results presented in the report is dependent upon the accuracy and completeness of the underlying information. Additionally, the assumptions used for the measurement of the valuation liabilities are considered reasonable and appropriate for the purposes in which they have been used.

Liabilities shown in this report were determined using actuarial valuation spreadsheets designed for the specific purpose of modeling OPEB plan liabilities and costs. The results in this report are based on various inputs into the spreadsheet model, including the plan provisions and assumptions shown in this report, and demographic and financial information provided by the District.

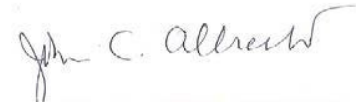
Gallagher is not an accounting or audit firm and is not responsible for the interpretation of, or compliance with the accounting standards. Gallagher is also not a law firm and this report was not prepared to suggest any legal advice or opinion. The District should seek the advice of its legal counsel for any legal matters related to this report.

Upon receipt of this report, we request that the District informs Gallagher promptly if the District disagrees with any information provided herein, or if there is any information not yet communicated to Gallagher that may affect the results reported herein. Otherwise, this report will be deemed final and confirmed acceptable by the District.

ACTUARIAL CERTIFICATION

Actuarial Qualifications

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are not aware of any direct or material indirect financial interest or relationship resulting in a conflict of interest that would impair the objectivity of this work.



John Albrecht, ASA, MAAA
Consulting Actuary



Sean Macpherson, ASA, MAAA
Actuary

III PLAN PROVISIONS

Eligibility Criteria

Albany Teachers Association (“ATA”)

Eligibility Criteria: Employees must be age 55 with at least 10 years of service in the District and retiring into the State Teachers’ Retirement System (“STRS”) or Public Employees Retirement System (“PERS”).

Benefits Available: The District shall provide medical, dental and vision coverage up to age 65 for employee and spouse, at the same levels provided for regular certificated employees and up to age 66 for employees and spouse for those *not* eligible for Medicare upon reaching age 65.
For the employee working less than full-time, the District will contribute a monthly amount that is prorated according to the average full-time equivalency (“FTE”) that the employee was working for the 10 years preceding retirement.

Administrators (Certificated and Classified)

Eligibility Criteria: Certificated and classified employees must be age 55 with at least 7 years of service in order to be eligible for benefits.

Benefits Available: All employees must be currently drawing retirement from STRS or PERS.
This policy provides the retiree and spouse (or domestic partner) with medical, dental and vision coverage at the same level provided for regular administrative employees at the time of retirement, until the date at which federal medical insurance (Medicare) becomes available to the retiree.

Note: One former superintendent receives lifetime benefits (Hudson, D.).

California School Employees Association (“CSEA”)

Eligibility Criteria: Employees must be age 60 with at least 15 years of service in the District and retiring from a public retirement system such as STRS or PERS.

Benefits Available: The District shall provide medical, dental and vision coverage up to age 66 for employee and spouse, at the same levels provided for regular CSEA employees.
For the employee working less than full-time at retirement, the District will contribute a monthly amount that is prorated according to the full-time equivalency (“FTE”) that the employee was working at retirement.

PLAN PROVISIONS***Service Employees International Union ("SEIU")***

Eligibility Criteria: Employees hired prior to January 1, 2005 must be age 55 with at least 15 years of service (Option 1) or age 60 with at least ten years of service (Option 2), and must be participating in the District's medical, dental and vision programs to be eligible to receive postemployment benefits.

Employees hired on or after January 1, 2005 must be age 55 with at least 15 years of service and must be participating in the District's medical, dental and vision programs to receive postemployment benefits.

Benefits available: Employees will receive medical, dental and vision coverage up to age 66 for employee and spouse, at the same levels provided for regular SEIU employees. For the employee working less than full-time at retirement, the District will contribute a monthly amount that is prorated according to the full-time equivalency ("FTE") that the employee was working at retirement.

Funding Arrangement

Medical, prescription drug, dental and vision benefit plans are fully-insured.

Benefit Design***Medical and Prescription Drug***

Retiree health care coverage is available to eligible retirees of any age. The type of benefits is dependent on the whether the retiree is eligible for Medicare. A summary of the key plan design features for each plan is provided in the tables below:

Blue Shield Access+	
Deductible (Single / Family)	\$0 / \$0
Coinsurance	100%
Out-of-Pocket Maximum (Single / Family)	\$1,500 / \$3,000
Preventive Care Copay	\$15
Emergency Room Copay	\$50
Office Visit Copay	\$15
Prescription Drugs	
Generic	Retail - \$5, Mail Order - \$10
Brand	Retail - \$20, Mail Order - \$40
Non-Preferred	Retail - \$50, Mail Order - \$100

United Health Care Signature Value	
Deductible (Single / Family)	\$0 / \$0
Coinsurance	100%
Out-of-Pocket Maximum (Single / Family)	\$1,500 / \$3,000
Preventive Care Copay	\$15
Emergency Room Copay	\$50
Office Visit Copay	\$15
Prescription Drugs	
Generic	Retail - \$5, Mail Order - \$10
Brand	Retail - \$20, Mail Order - \$40
Non-Preferred	Retail - \$50, Mail Order - \$100

PLAN PROVISIONS

Anthem Blue Cross Traditional HMO	
Deductible (Single / Family)	\$0 / \$0
Coinsurance	100%
Out-of-Pocket Maximum (Single / Family)	\$1,500 / \$3,000
Preventive Care Copay	\$15
Emergency Room Copay	\$50
Office Visit Copay	\$15
Prescription Drugs	
Generic	Retail - \$5, Mail Order - \$10
Brand	Retail - \$20, Mail Order - \$40
Non-Preferred	Retail - \$50, Mail Order - \$100

Anthem Blue Cross Select HMO*	
Deductible (Single / Family)	\$0 / \$0
Coinsurance	100%
Out-of-Pocket Maximum (Single / Family)	\$1,500 / \$3,000
Preventive Care Copay	\$15
Emergency Room Copay	\$50
Office Visit Copay	\$15
Prescription Drugs	
Generic	Retail - \$5, Mail Order - \$10
Brand	Retail - \$20, Mail Order - \$40
Non-Preferred	Retail - \$50, Mail Order - \$100

Kaiser Permanente	
Deductible (Single / Family)	\$0 / \$0
Coinsurance	100%
Out-of-Pocket Maximum (Single / Family)	\$1,500 / \$3,000
Preventive Care Copay	\$15
Emergency Room Copay	\$50
Office Visit Copay	\$15
Prescription Drugs	
Generic	Retail - \$5, Mail Order - \$10
Brand	Retail - \$20, Mail Order - \$40
Non-Preferred	Retail - \$50, Mail Order - \$100

PERS Gold	
Deductible (Single / Family)	\$1,000 / \$2,000
Coinsurance	80%
Out-of-Pocket Maximum (Single / Family)	\$3,000 / \$6,000
Office Visit Copay	\$10
Prescription Drugs	
Generic	Retail - \$5, Mail Order - \$10
Brand	Retail - \$20, Mail Order - \$40
Non-Preferred	Retail - \$50, Mail Order - \$100

PLAN PROVISIONS

PERS Platinum	
Deductible (Single / Family)	\$500 / \$1,000
Coinsurance	90%
Out-of-Pocket Maximum (Single / Family)	\$2,000 / \$4,000
Office Visit Copay	\$20
Prescription Drugs	
Generic	Retail - \$5, Mail Order - \$10
Brand	Retail - \$20, Mail Order - \$40
Non-Preferred	Retail - \$50, Mail Order - \$100

**Only available if employee resides in specific county.*

Dental Insurance

Eligible retired employees are provided a dental benefit on a fully contributory basis. A summary of the key plan design features for each plan is provided in the tables below:

Delta – PPO (Actives & Eligible Retirees Under 65 or 66)	
Annual Max	\$2,000
Preventive Coinsurance	70-100%
Basic Coinsurance	70-100%
Restorative Coinsurance	70-100%
Prosthodontic Services	50%
Dental Accident Services	100%
Orthodontic Coinsurance	Not covered

Delta – PPO (Retirees Over 65 or 66)	
Annual Max	\$2,000
Preventive Coinsurance	70-100%
Basic Coinsurance	70-100%
Restorative Coinsurance	70-100%
Prosthodontic Services	50%
Dental Accident Services	100%
Orthodontic Coinsurance	Not covered

Vision Insurance

Eligible retired employees are provided a vision benefit on a fully contributory basis. A summary of the key plan design features is provided in the table below:

Vision Plan	
Limits	
Examination	Once every 12 months
Frames	Once every 12 months
Prescription/Contact Lenses	Once every 12 months
Copays	
Examination	\$5
Prescription Lenses	\$0
Frames	\$0
Contact Lenses	none

PLAN PROVISIONS***Cash in Lieu***

Employees who do not elect to receive medical coverage from the District receive \$125 per month. They will no longer be eligible to receive this benefit once they attain Medicare eligibility.

Participant Contributions***District Contributions***

Upon meeting eligibility, the District pays 100% of the premiums for medical, dental and vision coverage for ATA retirees and their spouses. For the employee working less than full-time, the District will contribute a monthly amount that is prorated according to the average full-time equivalency ("FTE") that the employee was working for the 10 years preceding retirement.

Eligible CSEA employees and spouses receive the percentage of the premiums for medical, dental and vision coverage that is equal to their full-time equivalency (FTE) at their time of retirement.

Eligible SEIU employees and spouses receive the percentage of the premiums for medical, dental and vision coverage that is equal to their full-time equivalency (FTE) at their time of retirement. Employees and spouses under the Option 1 benefit plan, hired prior to January 1, 2005, receive the percentage of premiums for medical, dental and vision coverage that is equal to their full-time equivalency (FTE) at their time of retirement. Eligible SEIU employees and spouses under the Option 2 benefit plan, hired prior to January 1, 2005 receive 50% of medical, dental and vision premiums. SEIU employees hired after January 1, 2005 receive a maximum of \$400.00 per month for retiree and spouse benefits.

Eligible administrative employees (Certificated and Classified) receive 100% of the level provided to them at retirement. Currently the maximum subsidy provided is the two party premiums for the CalPERS Blue Shield plan.

Once a retiree attains Medicare eligibility, they are provided with a minimum contribution of \$149 from the District. The subsidy applies to all employment groups.

Participant Contributions***Current Premium Rates***

The full monthly premium rates for FYE 2024 for each plan are shown below:

Medical - Pre 65 Retirees

Rate Tier	United Health Care	Anthem Traditional	Anthem Select	Kaiser
Employee/Retiree Only	\$1,091.13	\$1,339.70	\$1,138.86	\$1,021.41
Employee/Retiree + 1	\$2,182.26	\$2,679.40	\$2,277.72	\$2,042.82
Employee/Retiree + 2	\$2,836.94	\$3,483.22	\$2,961.04	\$2,655.67

Rate Tier	PERS Gold	PERS Platinum	Blue Shield
Employee/Retiree Only	\$914.82	\$1,314.27	\$1,076.84
Employee/Retiree + 1	\$1,829.64	\$2,628.54	\$2,153.68
Employee/Retiree + 2	\$2,378.53	\$23,417.10	\$2,799.78

PLAN PROVISIONS***Medical - Medicare Eligible Retirees***

Rate Tier	Blue Shield	United Health Care	Anthem Medicare Preferred	Anthem Select	Kaiser
Employee/Retiree Only	\$392.68	\$341.72	\$405.83	\$405.83	\$324.79
Employee/Retiree + 1	\$785.36	\$683.44	\$811.66	\$811.66	\$649.58
Employee/Retiree + 2	\$1,178.04	\$1,025.16	\$1,217.49	\$1,217.49	\$974.37

Rate Tier	PERS Gold	PERS Platinum
Employee/Retiree Only	\$406.60	\$448.15
Employee/Retiree + 1	\$813.20	\$896.30
Employee/Retiree + 2	\$1,219.80	\$1,344.45

Dental

Rate Tier	As of 01/01/2017	As of 01/01/2016 Over 65/66 Retirees
Employee/Retiree Only	\$53.40	\$109.46
Employee/Retiree + 1	\$95.70	\$197.48
Employee/Retiree + 2	\$135.10	\$222.97

Vision

Rate Tier	As of 01/01/2016
Employee/Retiree Only	\$25.55
Employee/Retiree + 1	\$25.55
Employee/Retiree + 2	\$25.55

IV ACTUARIAL ASSUMPTIONS AND METHODS

Measurement Date	June 30, 2024
Discount Rate	3.65% per annum (BOY) 3.93% per annum (EOY) <i>Source: Bond Buyer 20-Bond GO index</i>
Salary Increase Rate	3.0% per annum
Census Data	Census data for FYE 2024 was provided by the District.
Marriage Rate	The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided.
Spouse Age	Spouse dates of birth were provided by the District. Where this information is missing, male spouses are assumed to be three years older than female spouses.
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary.
Amortization Method	<i>Experience/Assumptions</i> gains and losses are amortized over a closed period of 11.3 years starting the current fiscal year, equal to the average remaining service of active and inactive plan members (who have no future service).
Plan Participation Percentage	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. The plan participation percentage varies based on an employee's full time status. These participation estimates were developed based on the current plan election of employees, as the District indicated is usually a precursor for the plan election at retirement. These percentages are displayed in the table below.

Full Time Status	Participation %
0.00 – 0.50	5%
0.50 - 0.80	25%
0.80 - 0.99	70%
1.00+	100%

Mortality Rates

PUB-2010 headcount weighted base mortality table, projected generationally using Scale MP-2021, applied on a gender-specific and job class basis (teacher, safety, or general, as applicable).

Health Care Cost Trend Rate

The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are applied on a select and ultimate basis. Select trends are reduced 0.30% each year for ten years, and 0.10% thereafter until reaching the ultimate trend rate.

Expense Type	Select	Ultimate
Pre-Medicare Medical and Rx Benefits	7.75%	4.00%
Medicare Benefits	3.00%	3.00%
Stop Loss Fees	7.75%	4.00%
Administrative Fees	4.00%	4.00%

Per Capita Health Claim Cost

Per capita health claim costs are developed by applying age adjustments to the current fully insured premiums. The age 60 per capita health claim costs are below:

Per Capita Cost	Claim Cost
Anthem Select	\$20,500
Blue Shield	\$19,400
Kaiser	\$18,400
PERS Gold	\$16,500
PERS Platinum	\$23,600
United Health Care	\$19,600
Anthem Traditional	\$24,100
Future Retirees	\$19,000

Non-Claim Expenses

Non-claim costs are assumed to be 15% of the premium rates. Two-thirds of fixed-expenses are attributed to administrative costs, and the remaining one-third are attributed to pooling costs.

Plan Election Percentage

Based on current retiree plan elections, future retirees are assumed to elect plan coverage at the following rates.

Plan Name	
Anthem Select	9%
Blue Shield	0%
Kaiser	82%
PERS Gold	0%
PERS Platinum	9%
United Healthcare	0%
Anthem Traditional	0%

Age Based Morbidity

The assumed per capita health claim costs are adjusted to reflect expected increases related to age and gender. These increases are based on a 2013 Society of Actuaries study, with sample rates shown below:

Sample Age	Male	Female
45	4.6%	1.6%
50	6.2%	4.2%
55	5.4%	2.4%
60	4.7%	3.6%
65	1.7%	2.4%
70	1.8%	2.0%
75	1.2%	1.3%
80	0.8%	1.1%

Termination

The rate of withdrawal is based on the withdrawal assumption used in the 2023 CalPERS Experience Study and Review of Actuarial Assumptions and the 2023 CalSTRS Actuarial Valuation. The rate of withdrawal for reasons other than death and retirement is dependent on an employee's age and years of service. Sample rates are provided below.

CalSTRS		
Years of Service	Male	Female
0	10.00%	9.00%
1	8.25%	7.00%
2	6.25%	5.50%
3	4.50%	4.25%
4	4.00%	3.60%
5	3.10%	3.00%
10	1.60%	1.35%
15	1.00%	0.90%
20	0.75%	0.75%
25	0.60%	0.60%
30	0.50%	0.50%

CalPERS						
Years of Service	Male			Female		
	Entry Age			Entry Age		
	20	30	40	20	30	40
0	20.50%	17.30%	14.20%	21.20%	16.70%	12.10%
5	8.20%	5.90%	3.80%	9.90%	7.10%	4.80%
10	2.20%	1.60%	0.90%	2.20%	1.70%	1.00%
15	1.10%	0.80%	0.40%	1.30%	0.80%	0.40%
20	0.60%	0.40%	0.10%	0.60%	0.40%	0.10%
25	0.30%	0.20%	0.10%	0.30%	0.20%	0.10%
30	0.10%	0.10%	0.10%	0.10%	0.10%	0.00%
35	0.10%	0.10%	0.00%	0.10%	0.10%	0.00%
40	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
45	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Retirement Age

Sample retirement ages and associated probabilities are provided in the table below. These values are based on the 2023 CalPERS Experience Study and Review of Actuarial Assumptions and the 2023 CalSTRS Actuarial Valuation.

CalSTRS								
Age	Male							
	Years of Service							
	<5	5-9	10-14	15-19	20-24	25	26-29	30+
50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.50%
55	1.50%	1.50%	2.00%	2.50%	3.00%	3.50%	3.00%	5.00%
60	4.00%	4.00%	5.00%	6.50%	8.00%	13.00%	11.00%	25.00%
65	13.00%	13.00%	15.00%	20.00%	24.00%	25.00%	25.00%	32.50%
70	11.50%	11.50%	13.50%	18.00%	21.50%	25.00%	25.00%	25.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

CalSTRS								
Age	Female							
	Years of Service							
	<5	5-9	10-14	15-19	20-24	25	26-29	30+
50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%
55	2.00%	2.00%	2.50%	3.50%	4.50%	4.50%	4.00%	6.50%
60	5.00%	5.00%	6.00%	8.00%	10.00%	16.00%	14.00%	52.00%
65	12.50%	12.50%	16.00%	21.00%	26.50%	33.50%	32.00%	32.00%
70	12.00%	12.00%	15.00%	20.00%	25.00%	29.50%	28.00%	30.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

CalPERS							
Age	Female						
	Years of Service						
	5	10	15	20	25	30	35
50	0.30%	0.40%	0.60%	0.70%	1.00%	1.00%	1.10%
55	1.10%	2.30%	3.40%	5.70%	7.00%	9.00%	11.70%
60	2.20%	4.30%	6.20%	9.50%	11.30%	14.10%	16.60%
65	16.30%	16.40%	19.70%	23.20%	25.00%	27.10%	28.90%
70	19.10%	19.00%	23.70%	25.00%	24.60%	25.40%	25.80%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Health Care Cost Trend Rate Development

To project the per capita health care cost for an OPEB valuation, the health care cost trend assumption is incorporated which consists of the select (initial) trend rate, the grade down period, and the ultimate trend rate, with the idea that health care costs would continue to increase over wage inflation, but grade down over a period until reaching an ultimate rate.

The select trend rate is the assumed increase in health care costs in the first year of the valuation. The future is uncertain and given an entity's healthcare trends may vary significantly year over year, we incorporate professional inputs, for credibility, such as Gallagher Healthcare Analytics (HCA) Consulting trend reports based on over 2 million lives, surveys and reports of other reputable national health and welfare consulting firms, and other industry experience and studies to develop the starting trend rate.

Over time, the select trend rate is assumed to grade down to an ultimate trend rate. The grading down period and rate are suggested based on certain concepts from the Getzen Model released by the Society of Actuaries and macroeconomic forces that National Health Expenditures (NHE) cannot consume 100% of Gross Domestic Products (GDP) over time. Considerations for the ultimate trend rate include long-term inflation, nominal GDP growth, the excess of NHE over goods and services, and any other adjustment deemed reasonable for the population.

CENSUS SUMMARY**V CENSUS SUMMARY**

A summary of the current active employee and retired population for the District for FYE 2024 is provided in the tables below:

Age Group	ACTIVE POPULATION			RETIRED EMPLOYEES*
	Fully Eligible	Not Fully Eligible	Total	
<40	0	86	86	0
40-44	0	54	54	0
45-49	0	73	73	0
50-54	1	68	69	0
55-59	33	34	67	2
60-64	32	24	56	10
65-69	10	7	17	19
70-74	0	1	1	42
75-79	1	0	1	42
80-84	1	0	1	20
85+	0	0	0	18
Total	78	347	425	153

*Currently receiving postemployment benefits

A summary of the current active employees (who are eligible for postemployment benefits) based on years of service is provided in the table below:

Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total
<40	59	17	9	1	0	0	0	86
40-44	22	13	11	8	0	0	0	54
45-49	24	18	8	13	9	1	0	73
50-54	14	13	10	19	11	1	1	69
55-59	11	5	16	18	7	7	3	67
60-64	11	7	8	13	7	4	6	56
65-69	2	2	4	6	3	0	0	17
70-74	0	1	0	0	0	0	0	1
75-79	0	0	0	0	0	0	1	1
80-84	0	0	0	0	0	0	1	1
85+	0	0	0	0	0	0	0	0
Total	143	76	66	78	37	13	12	425

VI GLOSSARY

Actuarial Assumptions Factors that must be assumed for purposes of projecting future benefit payments as part of an actuarial valuation.

Actuarial Cost Method A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, in the form of a Normal Cost and an Actuarial Accrued Liability. GASB 74/75 requires **Entry Age Normal Method** assuming Service Cost is determined as a level percent of pay that would fully fund the benefit promise by the time of retirement.

Actuarial Determined Contributions of the Employer (ADC) The contribution determined by the adopted OPEB Funding Policy.

Actuarial Valuation A process used by actuaries to 1) project future benefit payments, 2) discount those payments to their total present value, and 3) systematically allocate an appropriate portion of that amount to each period of employee service using the EAN actuarial cost method.

Advance Funding A method of financing benefits by placing resources in trust as employees earn benefits so that the resources thus accumulated, along with related earnings, can be used to make benefit payments as they become due.

Discount (or Interest) Rates The rates used to reflect the time value of money. Discount rates are used in determining the present value as of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation.

- For **unfunded plans**, interest rate using a long-term expected rate of return on tax-exempt, high-quality municipal bond.
- For **funded plans**, the expected long-term rate of return on trust assets, to the extent the net fiduciary position is projected to be sufficient to provide the benefits.
- For **partially funded plans** or if a **funded** shortfall is projected, the interest rate is blended between the funded and the unfunded rate.

Explicit Subsidy is created when the public entity contributes to any or all of the retiree healthcare cost.

Implicit Subsidy is created when Public entities offer eligible early retirees the opportunity to purchase lower than age-adjusted premiums through the use of a single/common or blended premium for both retirees and active employees.

Measurement Date The Net OPEB Liability must be measured as of a date no earlier than the end of the prior fiscal year and no later than the end of the current fiscal year. **GASB 74/75 requires measurement date to be within 30 months and one day of the end of the most recent fiscal year.**

GLOSSARY

Net OPEB Liability (NOL) is the difference between the TOL and the actuarial value of plan assets. Plan assets are financial assets that are segregated and restricted in a trust (or equivalent arrangement). Assets in this trust are dedicated to providing benefits to plan participants and are legally protected from creditors of employers.

Service Cost is the portion of the Actuarial Present Value of plan benefits and expenses for active employees which is allocated to a valuation year by the Actuarial Cost Method.

OPEB Expense reflects the annual change in the employer's net OPEB liability, with deferred recognition provided for certain items.

Other Postemployment Benefits (OPEB) are benefits (other than pensions) that employers provide to their former employees. These benefits principally involve health care benefits, but also may include life insurance, dental, disability, legal, and other services when those benefits are provided separately from a pension plan.

Pay-as-you-go A method of financing benefits by making required payments only as they come due.

The **Present Value of Future Benefits (PVFB)** is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value of money and the probabilities of payment. Future benefits include all benefits estimated to be payable to plan members as a result of their service through the valuation date and their expected future service.

Total OPEB Liability (TOL) is the portion of the actuarial present value of the total projected benefits allocated to years of employment prior to the measurement date.

VII SUMMARY OF GASB STATEMENTS NO. 74 AND NO. 75

Applicability of Accounting Standards

The Governmental Accounting Standards Board released Statements No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (“GASB 74”) and Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (“GASB 75”) in June 2015. These two statements supersede GASB Statements 43 and 45, respectively, and establish uniform accounting and financial reporting standards for state and local governmental entities related to postemployment benefits other than pensions.

GASB 74 must be adopted for fiscal years beginning after June 15, 2016, and GASB 75 must be adopted for fiscal years beginning after June 15, 2017. While the previous statements allowed smaller entities the ability to have valuations every three years, the replacement standards require all entities, regardless of size, to have a valuation performed every two years, with roll forward valuations performed on years in between.

Actuarial Cost Method

GASB 74 and GASB 75 require the Entry Age Normal cost method based on a level percentage of projected salary.

Required Notes to Financial Statements

The following information is required to be disclosed in the notes to financial statements:

- Plan description
- Sources of changes in the net OPEB liability
- Significant assumptions used to calculate the total OPEB liability

Required Supplementary Information

The following information is to be included as Required Supplementary Information (“RSI”):

- A ten-year schedule of changes in the net OPEB liability that separately presents the information required for each year
- A ten-year schedule presenting the components of the net OPEB liability and related ratios
- Actuarially-determined contributions (if applicable), with notes showing significant methods and assumptions used in the determination of contributions

Exhibit 1

Present Value of Future Benefits as of June 30, 2024

PVFB		
Actives	\$	38,006,459
Retirees		5,310,622
Total	\$	43,317,081

Total and Net OPEB Liabilities as of June 30, 2024

Total OPEB Liability		
Actives	\$	19,150,202
Retirees		5,310,622
Total OPEB Liability (TOL)	\$	24,460,824
Fiduciary Net Position (FNP)		-
Net OPEB Liability (NOL)	\$	24,460,824

Covered-employee payroll	\$34,386,364
NOL as a % of covered payroll	71%

FY 2024 Total OPEB Expense

Service cost	\$	1,610,413
Interest cost		947,435
Changes of benefit terms		-
Expected return on assets		-
Employee Contributions		-
Administrative expenses		-
Current Recognized deferred outflows/(inflows):		
Difference between expected and actual experience		(570,503)
Changes in assumptions or other inputs		440,171
Projected investment earnings difference		-
(Other changes, separately identified if significant)		-
Total Expense	\$	2,427,516

Exhibit 2

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Total OPEB Liability - Start of Year (July 01, 2023)	\$ 24,651,460	\$ -	\$ 24,651,460
Changes for the year			
Service cost	1,610,413		1,610,413
Interest cost	947,435		947,435
Changes of benefit terms	-		-
Differences between expected and actual experience	(3,676,203)		(3,676,203)
Changes in assumptions or other inputs	1,537,214		1,537,214
(Other changes, separately identified if significant)	-		-
Contributions-employer	-	-	-
Contributions-employee	-	-	-
Net Investment Income	-	-	-
Benefit payments	(609,495)	-	(609,495)
Admin Expense	-	-	-
Net change in total OPEB liability	\$ (190,636)	\$ -	\$ (190,636)
Total OPEB Liability - End of Year (June 30, 2024)	\$ 24,460,824	\$ -	\$ 24,460,824

Schedule of Deferred Inflows/Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,094,453	\$ (4,858,295)
Changes of assumptions/inputs	3,992,646	(2,533,075)
Net difference between projected and actual investments	-	-
Total	\$ 5,087,099	\$ (7,391,370)

Amounts reported as deferred outflows of resources and Deferred Inflows of Resources:

For Fiscal Year End:

2025	\$ (130,332)
2026	(130,332)
2027	(101,172)
2028	(136,069)
2029	(341,172)
Thereafter	(1,465,196)

Exhibit 3

Trend and Discount Rate Sensitivities

Trend	Net OPEB Liability	% Difference
1% Decrease	\$21,199,000	-13%
Current Trend	\$24,461,000	N/A
1% Increase	\$28,468,000	16%

Discount Rate	Net OPEB Liability	% Difference
+1% Discount Sensitivity (4.93%)	\$22,020,000	-10%
Current Discount Rate 3.93%	\$24,461,000	N/A
-1% Discount Sensitivity (2.93%)	\$27,316,000	12%

Projected 20 Year Cash Flows	
Fiscal Year Ending	Total
2025	\$731,000
2026	\$835,000
2027	\$991,000
2028	\$1,107,000
2029	\$1,299,000
2030	\$1,295,000
2031	\$1,470,000
2032	\$1,688,000
2033	\$1,794,000
2034	\$2,040,000
2035	\$2,073,000
2036	\$2,272,000
2037	\$2,398,000
2038	\$2,423,000
2039	\$2,739,000
2040	\$2,848,000
2041	\$2,709,000
2042	\$2,890,000
2043	\$2,837,000
2044	\$2,683,000

Exhibit 4

Amortization of Experience Changes

FYE	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in OPEB Expense through FYE (c)	Balances at End of FY		Amortization Years	Ultimate Year	Year 1 Amortization	Final Year Amortization
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)				
2018	\$ -	\$ -	\$ -	\$ -	\$ -	0.0	2018	\$ -	\$ -
2019	-	-	-	-	-	0.0	2019	-	-
2020	-	(3,453,745)	(1,946,475)	-	(1,507,270)	8.9	2028	(389,295)	(339,385)
2021	-	-	-	-	-	0.0	2021	-	-
2022	1,526,364	-	431,911	1,094,453	-	10.6	2032	143,970	86,661
2023	-	-	-	-	-	0.0	2023	-	-
2024	-	(3,676,203)	(325,178)	-	(3,351,025)	11.3	2035	(325,178)	(99,241)
				<u>\$ 1,094,453</u>	<u>\$ (4,858,295)</u>				

Amortization of Assumption Changes

FYE	Assumption Losses (a)	Assumption Gains (b)	in OPEB Expense through FYE (c)	Balances at End of FY		Amortization Years	Ultimate Year	Year 1 Amortization	Final Year Amortization
				Outflows of Resources (a) - (c)	Inflows of Resources (b) - (c)				
2018	\$ -	\$ (553,072)	\$ (407,563)	\$ -	\$ (145,509)	9.5	2027	\$ (58,223)	\$ (29,063)
2019	757,997	-	478,777	279,220	-	9.5	2028	79,796	39,831
2020	5,114,128	-	2,882,240	2,231,888	-	8.9	2028	576,448	502,544
2021	146,227	-	65,929	80,298	-	8.9	2029	16,482	14,369
2022	-	(2,986,280)	(845,019)	-	(2,141,261)	10.6	2032	(281,673)	(169,549)
2023	-	(303,573)	(57,267)	-	(246,306)	10.6	2033	(28,634)	(17,236)
2024	1,537,214	-	135,974	1,401,240	-	11.3	2035	135,974	41,498
				<u>\$ 3,992,646</u>	<u>\$ (2,533,075)</u>				