

Key Benefit Concepts, LLC

Cochrane-Fountain City School District



Accounting Report of Liabilities for Participants'
Other Post Employment Benefits (OPEB)
as of June 30, 2019

REVISED DRAFT

June 2020



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Background and Actuarial Method

The Government Accounting Standards Board (GASB) considers other post-employment benefits, like pension benefits, as part of the compensation employees earn each year although they are not received until after employment ends. GASB has finalized Statement No. 74 (Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans) and Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). These Statements establish standards for the measurement, recognition, and display of Other Post-Employment Benefits (OPEB) expense/expenditures. The District's post-employment benefits require compliance with the new GASB Statements for the fiscal year beginning 7/1/17; therefore, this valuation was performed and this report reflects compliance with these new statements.

GASB permits sole employers in OPEB plans with fewer than 100 members to apply the alternative measurement method to determine their OPEB liability. This method modifies the parameters by allowing the use of certain simplifying assumptions. Given that the Cochrane-Fountain City School District ("the District") has fewer than 100 members in their plan; the alternative measurement method would be appropriate and acceptable according to GASB guidelines. However, as noted in the assumptions herein, simplifying assumptions were used as little as possible to avoid under- or overstating the obligations.

Key Benefit Concepts, LLC (KBC) is an independent actuarial and employee benefits consulting firm providing actuarial services to clients who sponsor qualified retirement and other post-employment benefits. We maintain no relationships with any client that might impair the objectivity of our work. This valuation and report were prepared by KBC based upon:

- Our understanding of GASB's current Statements
- The Summary of Benefits and Eligibility determined by the bargaining and other District agreements, as outlined herein
- The accuracy and completeness of information and data provided by the District.

The calculations of cost and liabilities illustrated were determined according to generally accepted actuarial principles and standards. Specific assumptions and actuarial methodology for the study are defined within the report. Given that actual experience may vary from the actuarial assumptions projected, developing liabilities and costs may differ from those estimated in this report. Furthermore, in the event of any inaccuracies in the information or data provided, upon which these calculations were based, revisions may be needed.

This report was prepared solely for the purposes of providing information required by GASB for the entity's financial reporting. KBC assumes neither responsibility nor any liability for use of this report for any other purposes.

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Key Benefit Concepts, LLC

June 30, 2020

Introduction

The actuarial present value of the other post-employment benefit (OPEB) liabilities is the value of all benefits estimated to be payable to plan members discounted at the assumed discount interest rate back to the valuation date. The actuarial present value is comprised of:

- Benefits employees have already earned, and
- Benefits expected to be earned by employees in the future.

Presented in this report are the results of our study of the post-employment benefits and the associated liabilities and costs. The study includes the following:

OPEB GASB 74/75
<ul style="list-style-type: none">• <u>Total OPEB Liability (TOL)</u>: The portion of the actuarial present value of projected benefit payments attributed to past periods of employee service also known as the accrued benefit.• <u>Service Cost</u>: The portion of the actuarial present value of benefits allocated to the valuation year.• <u>Fiduciary Net Position (FNP)</u>: The market value of assets held in an irrevocable trust exclusively for payment of post-employment benefits.• <u>Net OPEB Liability (NOL)</u>: The difference between the Total OPEB Liability and Plan Fiduciary Net Position. This amount may also be negative indicating the presence of a surplus of actuarial assets over TOL.• <u>OPEB Expense</u>: The expected cost of OPEB benefits attributed to the measurement period.

District OPEBs

For the District, the other post-employment benefit liability consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classifications that are entitled to a benefit are briefly outlined below. A full description of the eligibilities and benefits for eligible classifications can be found in the OPEB Technical Appendix.

Teachers, Custodians, Secretaries, Supervisors, Paraprofessionals, District Office Staff, Food Service Employees, & Transportation Staff:

At least 57 years old with 15 years of service in the District *OR* 30 years of service in the District regardless of age:

The District will make a one-time contribution to an eligible retiree's account at retirement. The amount of the contribution is based on a dollar amount per year of service which varies based on

employee category and date of retirement. These funds may be used for qualified medical expenses and/or insurance premiums.

Notes:

- *Retirement benefit limited annually to 4 Teachers 1 District Office Staff, 1 Hourly and 2 Part-time Employees.*
- *Those retiring after the 24/25 year are not eligible for a district-provided post-employment benefit.*

In an OPEB valuation, the GASB guidelines require that the OPEB to be based upon the *value* of the health care benefit. Thus, when the benefits are insured, the value above the premium cost of benefits must be determined. This applies to all classifications and arises from the value of benefits in excess of the payments made by the District during the guaranteed period. This amount is determined and incorporated in the determined liability of the medical care benefit.

In addition, since GASB guidelines require the OPEB to be based upon the *value* of the medical care benefit, when an individual self-pays 100% of the premium cost, the valuation also includes the difference between the premium cost and the value cost of the benefit. This is known as the Implicit Rate Subsidy.

Implicit Rate Subsidy exists when an employer's retirees and current employees are covered together as a group wherein the premium rate or premium equivalent rate paid by the retirees may be lower than they would be if the retirees were rated separately. The final GASB Statements declare that even if the retirees pay 100% of the premium, without a contribution from the employer, the employer is required to treat the implicit rate subsidy as an other post employment benefit (OPEB) liability.

Note that the implicit rate subsidy is only applied when retirees are enrolled in the District's medical plan. It is not applied, however, when retirees participate in the District's dental and/or vision plans. Furthermore, when an individual becomes Medicare-eligible, their premium rates are adjusted, such that these adjusted rates represent the expected cost of coverage, and no implicit rate subsidy is calculated.

On behalf of active employees currently electing coverage in the District's group medical plan, 20% were assumed to elect to self-pay to continue coverage in retirement for the duration of COBRA. The liability incurred on behalf of this assumption was calculated and included in the valuation.

Sick Leave Benefit

The District also provides a sick leave benefit to eligible Professional Staff Members and Support Staff. For Professional Staff, unused sick leave accumulated upon retirement up to a maximum of 920 hours will be converted at a rate of \$100 for every 8 hours and paid out in cash. For Support Staff, unused sick leave accumulated upon retirement up to a maximum of 640 hours will be converted at a rate of \$50 for every 8 hours (\$50 per day for bus drivers) and paid out in cash (via a supplemental paycheck on June 30th).

According to current GASB guidelines, when sick leave is converted into a dollar amount, the resulting monies are not considered - nor should they be accounted for - as

an OPEB. Rather, the dollars resulting from the unused sick leave are considered termination payments and should be accounted for as a compensated absence under GASB Statement 16. The sick leave benefit was not valued nor was it included in this valuation.

District OPEB Liability

Based upon the actuarial assumptions and projections described herein as determined by the census, benefit and premium data provided by the District, the OPEB liabilities measured as of June 30, 2019 are as follows:

Other Post Employment Liability		
1	Total OPEB Liability (TOL)	\$ 234,420
2	Fiduciary Net Position (FNP)	\$ 0
3	Net OPEB Liability (NOL)	\$ 234,420

Detailed calculations for the above results can be found in the OPEB Tables.

Deferred Inflow and Outflow of Resources

The Plan's benefit terms have changed since the prior valuation, therefore a change in benefit terms was calculated that caused a decrease in the Total OPEB Liability. Specifically, the District modified the post-employment benefit to be an amount based on years of service and date of retirement, as well as, offering the benefit to District Office Staff, Hourly Staff, and Part-Time Employees.

Differences between expected and actual experience resulted in a decrease in the Total OPEB Liability. Changes of assumptions or other inputs resulted in an increase in the Total OPEB Liability. These changes included updated WRS decrement assumptions, assumed discount rate and participation assumption changes. The increase in deferred inflow and outflow of resources from these two sources, respectively, is to be recognized over the average of the expected remaining service lives of active and inactive plan members. The Plan has an average expected remaining service life of 10 years.

District contributions subsequent to the measurement date will be recognized as a deferred outflow of resources and a reduction in the Total OPEB Liability in the year ended June 30, 2020, to be reported for the fiscal year end June 30, 2021. Other amounts reported as deferred inflows and outflows will be recognized in the OPEB expense according to Table V.

Discussion of Valuation Methods and Assumptions

The valuation was based upon the data provided by the District. In performing this study, we utilized the premium rate history of the District's medical plan as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2019.

New GASB guidelines require that actuarial valuations of OPEB benefits use the entry-age normal actuarial method in the future. Since this OPEB valuation is based upon

compliance with GASB Statement 75, this valuation was performed using the entry-age normal actuarial method for OPEB.

The valuation date and measurement date are June 30, 2019. This valuation is eligible for reporting periods ending June 30, 2020 and June 30, 2021, though the accompanying exhibits are only valid for the reporting period ending June 30, 2020.

Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, a 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the Total OPEB Liability. The assumptions are detailed in the OPEB Technical Appendix.

A discount rate of 3.50% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a municipal bond rate of 3.50%). The discount rate is based on the Bond Buyer GO 20-Year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

Please note that KBC does not provide legal advice. The scope of the project is clearly defined in our proposal and does not include commentary or accountability for whether such benefits and eligibilities comply with state, federal or other required guidelines. The government entity is responsible for assuring that the benefits it provides are in compliance with all current regulations.

Pay-As-You-Go (Table VIII)

GASB requires all public entities to identify and include their post-employment liability in their financial statements. However, at this time GASB does not require any public entity to fund this liability. Since many public entities currently provide for post-employment benefits on a pay-as-you-go basis, we have included OPEB Table VIII. This table illustrates, based upon the assumptions used in this valuation, the District's annual liability for retiree medical benefits on a pay-as-you-go basis.

The projections illustrated in OPEB Table VIII are for illustrative purposes and pertain only to the OPEB liabilities incurred from those eligible active and retired employees of the District as of June 30, 2019. In other words, it is based upon a closed valuation, such that no new hires are assumed to replace those future retirees expected to receive benefits as noted. The valuation is based upon numerous assumptions as detailed in the technical appendix. Due to these assumptions, the likelihood of actual costs equaling the stated projections decreases for each year projecting further into the future.

OPEB Tables

OPEB Table I

Cochrane-Fountain City School District
Projection of Total OPEB Liability

		Discount Rate		
		Baseline - 1%	Baseline	Baseline + 1%
Total OPEB Liability	6/30/2018	\$ 645,629	\$ 625,177	\$ 604,643
Service Cost		41,349	36,379	31,915
Interest		18,323	24,126	29,479
Benefit Payments		-	-	-
Changes of benefit terms		(470,950)	(456,538)	(441,868)
Differences between expected and actual experience		(40,345)	(37,587)	(35,205)
Changes of assumptions or other input		43,521	42,863	42,138
Total OPEB Liability	6/30/2019	\$ 237,527	\$ 234,420	\$ 231,102

OPEB Table II

Cochrane-Fountain City School District
Change in Total OPEB Liability

	Total OPEB Liability (a)
Balances at 6/30/2018	\$ 625,177
Changes for the year:	
Service Cost	36,379
Interest	24,126
Changes of benefit terms	(456,538)
Differences between expected and actual experience	(37,587)
Changes of assumptions or other input	42,863
Benefit Payments	-
Net Changes	(390,757)
Balances at 6/30/2019	\$ 234,420

OPEB Table III

Cochrane-Fountain City School District
 Sensitivity of Total OPEB Liability to Changes in Discount Rate

		1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	6/30/2019	<u>\$ 237,527</u>	<u>\$ 234,420</u>	<u>\$ 231,102</u>

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates

		1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB Liability	6/30/2019	<u>\$ 232,932</u>	<u>\$ 234,420</u>	<u>\$ 236,069</u>

OPEB Table IV
Cochrane-Fountain City School District
Schedule of Changes in Total OPEB Liability and Related Ratios

	Fiscal Year Ending		
	2019	2018	2017
<u>Total OPEB Liability</u>			
Service Cost	\$ 36,379	\$ 37,573	\$ 37,573
Interest	24,126	20,679	19,318
Changes of benefit terms	(456,538)	-	-
Differences between expected and actual experience	(37,587)	-	-
Changes of assumptions or other input	42,863	(5,127)	-
Benefit Payments	-	-	(36,000)
Net change in Total OPEB Liability	\$ (390,757)	\$ 53,125	\$ 20,891
Total OPEB Liability - Beginning	625,177	572,052	551,161
Total OPEB Liability - Ending	\$ 234,420	\$ 625,177	\$ 572,052
Covered Payroll	\$ 3,570,862	\$ 2,525,051	\$ 2,525,051
Total OPEB Liability as a percentage of Covered Payroll	6.56%	24.76%	22.66%

OPEB Table V

Cochrane-Fountain City School District
Schedule of Collective Deferred Inflows and Outflows

Gain/Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 33,828
Changes of assumptions or other input	38,577	4,273
District contributions subsequent to the measurement date	TBD	-
Total	\$ 38,577	\$ 38,101

Deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability in the year ended June 30, 2020, to be reported for the fiscal year end June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$ 100
2021	100
2022	100
2023	100
2024	100
Thereafter	(24)

OPEB Table VI

Cochrane-Fountain City School District
Calculation of Collective OPEB Expense

Change in Net OPEB Liability	\$	(390,757)
(Increase)/Decrease in Deferred Outflows		(34,304)
Increase/(Decrease) in Deferred Inflows		29,128
Benefit Payments		-
OPEB Expense	\$	(395,933)
<hr style="border: 1px solid black;"/>		
Operating Expenses		
Service Cost	\$	36,379
Total (a)	\$	36,379
Financing Expenses		
Interest	\$	24,126
Total (b)	\$	24,126
Changes		
Benefit changes	\$	(456,538)
Recognition of assumption changes		3,859
Recognition of experience gains and losses		(3,759)
Total (c)	\$	(456,438)
OPEB Expense (a + b + c)	\$	(395,933)
OPEB Expense as % of Payroll		-11.09%

OPEB Table VII

Cochrane-Fountain City School District

The major assumptions and methods used in this valuation are as follows:

1	Valuation Date	June 30, 2019
2	Measurement Date	June 30, 2019
3	Reporting Date	June 30, 2020
4	Actuarial Cost Method	Entry Age Normal (level percent of salary)
5	Medical Care Trend	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
6	Discount Rate*	3.50% (based upon all years of projected payments discounted at a municipal bond rate of 3.50%)
7	Municipal Bond Rate Source	Bond Buyer 20-Bond GO Index
8	Actuarial Assumptions	Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17.
9	Mortality Assumptions	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)

* Implicit in this rate is an assumed rate of inflation of 2.50%

OPEB Table VIII

Cochrane-Fountain City School District
Pay As You Go
Projection of OPEB (30 Year Projection)

A	B	C	D	E	F
Fiscal Year Beginning	Retiree Plan Premiums	District Benefit Payments	District OPEB Liability (C + E)	Implicit Rate Subsidy	Cost → Value
2019	\$ 20,478	\$ -	\$ 3,037	\$ 3,037	1.1483
2020	40,051	96,355	103,519	7,164	1.1789
2021	46,830	67,760	75,169	7,409	1.1582
2022	45,953	48,388	56,604	8,216	1.1788
2023	17,347	20,097	23,402	3,305	1.1905
2024	13,587	8,175	10,906	2,731	
2025	7,995	-	1,637	1,637	
2026	5,291	-	924	924	
2027	5,657	-	836	836	
2028	6,312	-	998	998	
2029	6,135	-	1,018	1,018	
2030	8,219	-	1,166	1,166	
2031	11,502	-	1,530	1,530	
2032	10,194	-	1,473	1,473	
2033	7,974	-	1,382	1,382	
2034	6,755	-	1,289	1,289	
2035	6,135	-	1,290	1,290	
2036	5,817	-	1,104	1,104	
2037	6,077	-	1,068	1,068	
2038	7,927	-	1,111	1,111	
2039	9,590	-	1,328	1,328	
2040	10,461	-	1,727	1,727	
2041	14,460	-	2,095	2,095	
2042	14,906	-	2,356	2,356	
2043	12,193	-	2,506	2,506	
2044	9,256	-	2,026	2,026	
2045	11,710	-	2,271	2,271	
2046	8,845	-	1,696	1,696	
2047	9,478	-	1,592	1,592	
2048	10,110	-	1,651	1,651	

OPEB Table IX

Cochrane-Fountain City School District
Active Employees as of June 30, 2019

Age	Years of Service								Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 or more	
Under 20	-	-	-	-	-	-	-	-	-
20 - 24	1	-	-	-	-	-	-	-	1
25 - 29	4	1	-	-	-	-	-	-	5
30 - 34	1	1	-	-	-	-	-	-	2
35 - 39	4	6	1	-	-	-	-	-	11
40 - 44	-	2	1	1	-	-	-	-	4
45 - 49	2	3	2	6	-	-	-	-	13
50 - 54	4	1	3	1	2	-	2	-	13
55 - 59	3	4	-	4	3	5	3	1	23
60 - 64	2	-	1	-	3	1	2	2	11
65 and over	1	1	-	-	-	1	-	-	3
Total	22	19	8	12	8	7	7	3	86

Averages:

Age: 50.0

Service: 13.5

OPEB Table X

Cochrane-Fountain City School District
All Members by Medical Coverage as of June 30, 2019

	Actives					Retirees			
	Single	Family	Waived	None	Total	Single	Family	Waived	Total
<i>Administrators</i>	-	3	-	-	3	-	-	-	-
<i>Teachers</i>	8	31	9	-	48	-	-	-	-
<i>Paraprofessionals</i>	2	7	-	-	9	-	-	-	-
<i>Custodians</i>	3	2	1	-	6	-	1	-	1
<i>Office Staff</i>	-	4	-	-	4	-	-	-	-
<i>Food Service</i>	1	2	1	1	5	-	-	-	-
<i>Bus Drivers</i>	1	-	-	10	11	-	-	-	-
Totals	15	49	11	11	86	-	1	-	1

Note: Active employees listed as 'None' are part-time or hourly employees who are not eligible for medical coverage on the District's group plan, however were noted to be eligible to receive the HRA/HSA contributions noted on the benefit summary.

OPEB Table XI

Cochrane-Fountain City School District
Members by Eligibility as of June 30, 2019

	Actives			Retirees
	Fully Eligible	Not Fully Eligible	Total Eligible	Total Eligible
<i>Administrators</i>	-	3	3	-
<i>Teachers</i>	10	38	48	-
<i>Paraprofessionals</i>	3	6	9	-
<i>Custodians</i>	2	4	6	1
<i>Office Staff</i>	2	2	4	-
<i>Food Service</i>	-	5	5	-
<i>Bus Drivers</i>	2	9	11	-
Totals	19	67	86	1

Full Eligibility is met if, as of June 30, 2019 , the member has met the age and service requirements as stated in the plan provisions.

OPEB - Addendum Table I

Cochrane-Fountain City School District
Differences Between Expected and Actual Experience - History of Deferred Inflows and Outflows

FYB	(Gain)/Loss	Amortization																												
		Period	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	
2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2017	-	12.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2018	(37,587)	10.0	-	-	-	(3,759)	(3,759)	(3,759)	(3,759)	(3,759)	(3,759)	(3,759)	(3,759)	(3,759)	(3,756)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2026	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2027	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
						(3,759)	(3,759)	(3,759)	(3,759)	(3,759)	(3,759)	(3,759)	(3,759)	(3,759)	(3,756)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

OPEB - Addendum Table II

Cochrane-Fountain City School District
Changes of Assumptions or Other Input - History of Deferred Inflows and Outflows

FYB	(Gain)/Loss	Amortization Period																											
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017	(5,127)	12.0	-	-	-	(427)	(427)	(427)	(427)	(427)	(427)	(427)	(427)	(427)	(427)	(430)	-	-	-	-	-	-	-	-	-	-	-	-	-
2018	42,863	10.0	-	-	-	-	4,286	4,286	4,286	4,286	4,286	4,286	4,286	4,286	4,289	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	(427)	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859	3,859

OPEB Technical Appendix

Cochrane – Fountain City School District

Post-Employment Benefit Summary Alternative Measurement Method (AMM)

Benefits noted effective with those severing employment on/after July 1, 2020

Teachers, Custodians, Secretaries, Supervisors, Paraprofessionals, District Office Staff, Food Service Employees, Transportation Staff

Eligibility	OPEB																																													
<p>At least 57 years old with 15 years of service in the district & submitted notice to retire to District by 2/1</p> <p>OR</p> <p>30 years of service in the District regardless of age & submitted notice to retire to District by 2/1</p>	<p><u>Health Saving/Reimbursement Account:</u> The District will make a one-time contribution to an eligible retiree’s account at retirement. These funds may be used for qualified medical expenses and/or insurance premiums.</p> <p>Amount of contribution is determined as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 20%;">Employment Category</th> <th style="width: 15%;">Teachers</th> <th style="width: 20%;">District Office Staff</th> <th style="width: 15%;">Hourly</th> <th style="width: 10%;">Part-time</th> </tr> </thead> <tbody> <tr> <td>\$ / years of service</td> <td>\$750</td> <td>\$250</td> <td>\$125</td> <td>\$75</td> </tr> <tr style="background-color: #cccccc;"> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>Max. Benefit</td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>2020-2021</td> <td>\$22,500</td> <td>\$7,500</td> <td>\$3,750</td> <td>\$2,250</td> </tr> <tr> <td>2021-2022</td> <td>\$18,000</td> <td>\$6,000</td> <td>\$3,000</td> <td>\$1,800</td> </tr> <tr> <td>2022-2023</td> <td>\$13,500</td> <td>\$4,500</td> <td>\$2,250</td> <td>\$1,350</td> </tr> <tr> <td>2023-2024</td> <td>\$9,000</td> <td>\$3,000</td> <td>\$1,500</td> <td>\$900</td> </tr> <tr> <td>2024-2025</td> <td>\$4,500</td> <td>\$1,500</td> <td>\$750</td> <td>\$450</td> </tr> </tbody> </table>	Employment Category	Teachers	District Office Staff	Hourly	Part-time	\$ / years of service	\$750	\$250	\$125	\$75						Max. Benefit					2020-2021	\$22,500	\$7,500	\$3,750	\$2,250	2021-2022	\$18,000	\$6,000	\$3,000	\$1,800	2022-2023	\$13,500	\$4,500	\$2,250	\$1,350	2023-2024	\$9,000	\$3,000	\$1,500	\$900	2024-2025	\$4,500	\$1,500	\$750	\$450
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<p>Notes:</p> <ul style="list-style-type: none"> • Retirement benefit limited annually to 4 Teachers 1 District Office Staff, 1 Hourly and 2 Part-time Employees. <ul style="list-style-type: none"> - If more employees apply for retirement than allotted for the benefit, the benefit will be awarded by seniority (based upon years of service). The employees who submitted their intent to retire but did not receive the benefit, may retire without the benefit or be first in queue for the benefit the following year. • The District has a high deductible health plan (\$2,500 single/ \$5,000 family) and provides active employees with HRA contributions towards deductible reimbursements up to \$1,500 single/ \$3,000 family. However, retirees are not eligible for these contributions. • Those retiring after the 24/25 year are not eligible for a district-provided post-employment benefit. 																																														

Professional Staff Members

Eligibility	Non-OPEB - Compensated Absence
<p>At least age 57 with a minimum of 15 years of local teaching experience.</p> <p style="text-align: center;">OR</p> <p>Those who have served the District for a minimum of 30 years (regardless of age)</p>	<p><u>Sick Leave Payout</u>: Unused sick leave accumulated upon retirement up to a maximum of 920 hours, will be paid out at the rate of \$100.00 for every 8 hours. The total sum shall be available to the employee upon retirement on a June 30th supplemental pay check.</p> <p><i>Sick leave is not an OPEB benefit, but a compensated absence under GASB 16 and will not be included in the valuation.</i></p>

Support Staff (Non-Professional Staff)

Eligibility	Non-OPEB - Compensated Absence
<p>A minimum of 15 years of service</p>	<p><u>Sick Leave Payout</u>: Unused sick leave accumulated upon retirement up to a maximum of 640 hours, will be paid out at the rate of \$50.00 for every 8 hours (\$50 per day for bus drivers). The total sum shall be available to the employee upon retirement on a June 30th supplemental pay check.</p> <p><i>Sick leave is not an OPEB benefit, but a compensated absence under GASB 16 and will not be included in the valuation.</i></p>

Note: The District has a high deductible health plan (\$2,500 single/ \$5,000 family) and provides active employees with HRA contributions towards deductible reimbursements up to \$1,500 single/ \$3,000 family. However, retirees are not eligible for these contributions.

OPEB Actuarial Assumptions

1. Valuation Date	June 30, 2019
2. Measurement Date	June 30, 2019
3. Reporting Date	June 30, 2020
4. Actuarial Cost Method	<u>Alternative Measurement Method: Entry Age Normal – Level % of Salary</u> : 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 age(s). The normal cost is equal to the valuation salary multiplied by the present value of benefits divided by the present value of future salaries, measured as of the date of hire. The accrued liability is equal to the present value of projected benefits minus the present value of future normal costs, measured as of the valuation date.
5. Interest Rate	Discount rate for valuing liabilities – 3.50% Municipal bond rate – 3.50% Implicit in these rates is a 2.50% assumed rate of inflation
6. Asset Valuation Method	Market Value
7. Average of Expected Remaining Service Lives	10 years

8. Retirement Rates	<i>Early Retirement</i>		
	<u>Age</u>	<u>Male</u>	<u>Female</u>
	55	13.0%	12.0%
	56	13.0	12.0
	57	12.0	12.0
	58	13.0	12.0
	59	14.0	13.0
	60	14.0	17.0
	61	15.0	17.0
	62	21.0	23.0
	63	21.0	23.0
	64	21.0	23.0
	65	100.0	100.0
	<i>Regular Retirement (at least age 65 with 5 or more years of service OR 30 or more years of service)</i>		
	<u>Age</u>	<u>Male</u>	<u>Female</u>
	57	33.0%	27.0%
	58	29.0	27.0
	59	24.0	27.0
	60	25.0	27.0
	61	25.0	27.0
	62	35.0	37.0
	63	32.0	30.0
	64	29.0	28.0
	65	29.0	37.0
	66	35.0	39.0
	67	33.0	33.0
	68	27.0	30.0
	69	23.0	28.0
	70	25.0	38.0
	71	20.0	20.0
	72	15.0	20.0
	73	15.0	20.0
	74	15.0	20.0
	75	100.0	100.0
	The rates above were increased by 50% during the sunset period. No employees are assumed to retire prior to becoming eligible for benefits.		

9. Mortality Rates	<p>Mortality rates at sample ages in 2019:</p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>20</td><td>0.000269</td><td>0.000162</td></tr> <tr><td>25</td><td>0.000330</td><td>0.000180</td></tr> <tr><td>30</td><td>0.000425</td><td>0.000247</td></tr> <tr><td>35</td><td>0.000752</td><td>0.000444</td></tr> <tr><td>40</td><td>0.000989</td><td>0.000615</td></tr> <tr><td>45</td><td>0.001238</td><td>0.000921</td></tr> <tr><td>50</td><td>0.001614</td><td>0.001338</td></tr> <tr><td>55</td><td>0.003763</td><td>0.002413</td></tr> <tr><td>60</td><td>0.005438</td><td>0.003515</td></tr> <tr><td>65</td><td>0.008324</td><td>0.005262</td></tr> <tr><td>70</td><td>0.013497</td><td>0.008737</td></tr> <tr><td>75</td><td>0.022662</td><td>0.015813</td></tr> <tr><td>80</td><td>0.041598</td><td>0.029763</td></tr> </tbody> </table> <p>Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied 60%).</p>	<u>Age</u>	<u>Male</u>	<u>Female</u>	20	0.000269	0.000162	25	0.000330	0.000180	30	0.000425	0.000247	35	0.000752	0.000444	40	0.000989	0.000615	45	0.001238	0.000921	50	0.001614	0.001338	55	0.003763	0.002413	60	0.005438	0.003515	65	0.008324	0.005262	70	0.013497	0.008737	75	0.022662	0.015813	80	0.041598	0.029763																										
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10. Separation Rates	<p>Select and ultimate termination rates at sample ages and years of service are shown below:</p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Service</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td></td><td>0</td><td>18.5%</td><td>15.0%</td></tr> <tr><td></td><td>1</td><td>11.0</td><td>11.0</td></tr> <tr><td></td><td>2</td><td>8.0</td><td>8.0</td></tr> <tr><td></td><td>3</td><td>6.5</td><td>6.0</td></tr> <tr><td></td><td>4</td><td>5.5</td><td>5.5</td></tr> <tr><td></td><td>5</td><td>4.0</td><td>5.0</td></tr> <tr><td></td><td>6</td><td>3.5</td><td>4.0</td></tr> <tr><td></td><td>7</td><td>3.2</td><td>3.7</td></tr> <tr><td></td><td>8</td><td>3.0</td><td>3.3</td></tr> <tr><td></td><td>9</td><td>2.8</td><td>3.0</td></tr> <tr><td>30</td><td>10 or More</td><td>2.2</td><td>2.4</td></tr> <tr><td>35</td><td></td><td>1.8</td><td>1.9</td></tr> <tr><td>40</td><td></td><td>1.5</td><td>1.5</td></tr> <tr><td>45</td><td></td><td>1.4</td><td>1.3</td></tr> <tr><td>50</td><td></td><td>1.3</td><td>1.2</td></tr> <tr><td>55</td><td></td><td>1.3</td><td>1.2</td></tr> </tbody> </table> <p>No separation rates are assumed after eligibility for retirement</p>	<u>Age</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>		0	18.5%	15.0%		1	11.0	11.0		2	8.0	8.0		3	6.5	6.0		4	5.5	5.5		5	4.0	5.0		6	3.5	4.0		7	3.2	3.7		8	3.0	3.3		9	2.8	3.0	30	10 or More	2.2	2.4	35		1.8	1.9	40		1.5	1.5	45		1.4	1.3	50		1.3	1.2	55		1.3	1.2
<u>Age</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>																																																																		
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50		1.3	1.2																																																																		
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<p>11. Disablement Rates</p>	<p>Active participant disability rates at sample ages:</p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>20</td><td>0.00%</td><td>0.01%</td></tr> <tr><td>25</td><td>0.00</td><td>0.01</td></tr> <tr><td>30</td><td>0.00</td><td>0.01</td></tr> <tr><td>35</td><td>0.00</td><td>0.01</td></tr> <tr><td>40</td><td>0.01</td><td>0.01</td></tr> <tr><td>45</td><td>0.02</td><td>0.04</td></tr> <tr><td>50</td><td>0.06</td><td>0.07</td></tr> <tr><td>55</td><td>0.12</td><td>0.10</td></tr> <tr><td>60</td><td>0.19</td><td>0.15</td></tr> </tbody> </table>	<u>Age</u>	<u>Male</u>	<u>Female</u>	20	0.00%	0.01%	25	0.00	0.01	30	0.00	0.01	35	0.00	0.01	40	0.01	0.01	45	0.02	0.04	50	0.06	0.07	55	0.12	0.10	60	0.19	0.15								
<u>Age</u>	<u>Male</u>	<u>Female</u>																																					
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55	0.12	0.10																																					
60	0.19	0.15																																					
<p>12. Medical Trend (Annual Increases)</p>	<table border="1"> <thead> <tr> <th><u>Year</u></th> <th><u>Medical</u></th> </tr> </thead> <tbody> <tr><td>1</td><td>7.5%</td></tr> <tr><td>2</td><td>7.0</td></tr> <tr><td>3</td><td>6.5</td></tr> <tr><td>4</td><td>6.4</td></tr> <tr><td>5</td><td>6.3</td></tr> <tr><td>6</td><td>6.2</td></tr> <tr><td>7</td><td>6.1</td></tr> <tr><td>8</td><td>6.0</td></tr> <tr><td>9</td><td>5.9</td></tr> <tr><td>10</td><td>5.8</td></tr> <tr><td>11</td><td>5.7</td></tr> <tr><td>12</td><td>5.6</td></tr> <tr><td>13</td><td>5.5</td></tr> <tr><td>14</td><td>5.4</td></tr> <tr><td>15</td><td>5.3</td></tr> <tr><td>16</td><td>5.2</td></tr> <tr><td>17</td><td>5.1</td></tr> <tr><td>18 & Over</td><td>5.0</td></tr> </tbody> </table>	<u>Year</u>	<u>Medical</u>	1	7.5%	2	7.0	3	6.5	4	6.4	5	6.3	6	6.2	7	6.1	8	6.0	9	5.9	10	5.8	11	5.7	12	5.6	13	5.5	14	5.4	15	5.3	16	5.2	17	5.1	18 & Over	5.0
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<p>13. Salary Merit Scale (Annual Increases)</p>	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Service</u></th> <th style="text-align: center;"><u>Increase</u></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">1</td><td style="text-align: center;">5.6%</td></tr> <tr><td style="text-align: center;">2</td><td style="text-align: center;">5.6</td></tr> <tr><td style="text-align: center;">3</td><td style="text-align: center;">5.2</td></tr> <tr><td style="text-align: center;">4</td><td style="text-align: center;">4.7</td></tr> <tr><td style="text-align: center;">5</td><td style="text-align: center;">4.3</td></tr> <tr><td style="text-align: center;">10</td><td style="text-align: center;">2.6</td></tr> <tr><td style="text-align: center;">15</td><td style="text-align: center;">1.4</td></tr> <tr><td style="text-align: center;">20</td><td style="text-align: center;">0.6</td></tr> <tr><td style="text-align: center;">25</td><td style="text-align: center;">0.3</td></tr> <tr><td style="text-align: center;">30</td><td style="text-align: center;">0.2</td></tr> <tr><td style="text-align: center;">35</td><td style="text-align: center;">0.1</td></tr> </tbody> </table> <p>The assumed salary inflation of 3.0% per year is added to these merit increases to get the total assumed increase in salary</p>	<u>Service</u>	<u>Increase</u>	1	5.6%	2	5.6	3	5.2	4	4.7	5	4.3	10	2.6	15	1.4	20	0.6	25	0.3	30	0.2	35	0.1
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<p>14. Age Related Health Care Cost</p>	<p>2019/2020 monthly medical premium rates under the District's plan were \$771.58 and \$1,706.46 (Single and Family, respectively).</p> <p>Health care costs are assumed to increase each year of age separate from trend due to increased cost of older participants, as follows:</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Age</u></th> <th style="text-align: center;"><u>Rate</u></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">Under 40</td><td style="text-align: center;">4.00%</td></tr> <tr><td style="text-align: center;">40-44</td><td style="text-align: center;">3.75%</td></tr> <tr><td style="text-align: center;">45-49</td><td style="text-align: center;">3.50%</td></tr> <tr><td style="text-align: center;">50-54</td><td style="text-align: center;">3.00%</td></tr> <tr><td style="text-align: center;">55-64</td><td style="text-align: center;">3.25%</td></tr> </tbody> </table>	<u>Age</u>	<u>Rate</u>	Under 40	4.00%	40-44	3.75%	45-49	3.50%	50-54	3.00%	55-64	3.25%												
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<p>15. Percent with Coverage at Retirement</p>	<p>20% of active employees currently electing coverage, for the duration of COBRA.</p>																								
<p>16. Census Data (Table X)</p>	<p>Active employees listed as 'None' are part-time or hourly employees who are not eligible for medical coverage on the District's group plan, however were noted to be eligible to receive the HRA/HSA contributions noted on the benefit summary.</p>																								
<p>17. Coverage Tier</p>	<p>70% of future covered retirees are assumed to cover a spouse in retirement</p>																								
<p>18. Spouses' Age</p>	<p>Males are assumed to be three years older than their spouses</p>																								