



**LOS ANGELES COMMUNITY COLLEGE
DISTRICT**

POSTRETIREMENT HEALTH BENEFITS

Actuarial Valuation Study

Valuation Date: July 1, 2007

Date of Report: April 23, 2008

Executive Summary

Background

Los Angeles Community College District provides healthcare benefits for eligible employees who retire with CalPERS or CalSTRS pension benefits immediately upon termination of employment from the District.

Under the plan, the district makes contributions for eligible retirees' medical, dental, and vision plan premiums. The district pays a percentage of costs (ranging from 50% to 100%) based on the employee's date of hire and years of service. Future retirees with more than 20 years of service receive 100% of premiums paid by the district.

Certain other groups receive different benefits. Employees that are not eligible for District paid contributions are still eligible for retiree coverage under California Assembly Bill 528 (AB528). At retirement, such retirees must pay for coverage at a rate based on blended active and retiree costs. Employees subject to the *2001 Agreement between the District and LACCD Police Officer's Association* may be eligible to receive benefits through LACERA that are paid by the District.

GASB 45

In June 2004, the Governmental Accounting Standards Board (GASB) issued GASB Statement 45, which addresses accounting and financial reporting for Postemployment Benefits Other Than Pensions (OPEB). This statement replaces and significantly modifies prior guidance. GASB 45 is effective for government entities as early as fiscal years beginning after December 15, 2006.

There are several reasons an agency should review its OPEB obligations sooner rather than later, such as:

- Pre-funding alternatives – although funding is not required, an unfunded plan results in higher balance sheet liabilities and costs
- Bargaining issues – recognizing how the obligation will impact the collective bargaining process in the near and long term
- Bond rating – potential impact to the cost of debt due to unfunded liabilities

The liabilities and annual costs for the District's contribution promises to retirees are calculated in this actuarial valuation in accordance with GASB 45. Similar to most government entities, the District does not currently prefund contributions in a qualified irrevocable trust or recognize OPEB liability as benefits are accrued. As this report shows, any required accrual determined on a GASB basis will be considerably higher than the amount on a pay-as-you-go basis.

It is important to note that only current active and retired participants are valued in this actuarial study. Future new entrants or any projected growth in the District's employee population are not considered.

Executive Summary (cont.)

This actuarial valuation determines the liabilities and annual costs for benefits assuming the District adopts GASB 45 for the fiscal year ending June 30, 2008.

ARC Development

GASB requires an Annual Required Contribution (ARC) to be developed each year based on the Plan's assets and liabilities. Although GASB does not actually require prefunding, the portion of the ARC that is not funded each year accumulates as a liability on the District's financial statements.

The ARC can be developed under a variety of funding methods. This report shows results under two of the methods permitted – Aggregate and Entry Age Normal. We also show the ARC calculated using different amortization periods as a level percent of pay.

Summary of Results

Liabilities

There are a few terms to understand related to the Plan's liabilities. The Present Value of Benefits (PVB) represents the actuarial present value of all future benefits expected to be paid to current employees and retirees. The Actuarial Accrued Liability (AAL) is the portion of the PVB attributable to past service. The Normal Cost is the portion of the PVB that is allocated to the current plan year for active employees.

Each liability is a present value calculated by using a selected discount rate. Results in this report are shown using a 4.0% discount rate. In order to understand the sensitivity of results to changing this assumption, we also show results based on a 7.75% discount rate. The table below summarizes the liability results based on these two discount rates as of July 1, 2007:

	4.0%	7.75%
Present Value of Benefits (PVB)	\$1,019,359,000	\$554,227,000
Actuarial Accrued Liability (AAL)	\$835,378,000	\$499,538,000
Normal Cost	\$16,481,000	\$6,548,000

Note: The AAL and normal cost shown above were calculated by spreading costs over the participants' working lifetimes as a level percentage of pay. The costs could also be spread as level dollar amounts.

As an explanation of the meaning of the discount rate, the PVB using a 7.75% discount rate implies that if the District invested \$554,227,000 today in an interest bearing account that earns 7.75%, the liabilities would be fully funded. By comparison, if the interest bearing account were to only earn 4.0%, \$1,019,359,000 would be required to fully fund the liability.

Executive Summary (cont.)

Discount Rate Selection

As illustrated above, the discount rate can have a considerable impact on the magnitude of the liabilities, with lower discount rates resulting in higher liabilities. As guidance in selecting an appropriate discount rate, GASB states that the discount rate should be based on the long-term yield of investments used to finance the benefits.

For example, if the District were to pre-fund the obligations by contributing into a trust with a mix of asset classes, 7.75% might be an appropriate discount rate. However, for an unfunded plan or in the case where contributions are simply allocated to separate accounts, but still reside in general assets, it is more appropriate to consider the return on general District assets. The liabilities shown in the report are based on a 4.0% discount rate, assuming the plan is unfunded. A policy of partial pre-funding would result in a discount rate blended between these two rates.

If the District wanted to better understand the long term advantages and disadvantages to pre-funding in a trust, a study which projects cash flow, accrual amounts, and balance sheet obligations based on current and future participants should be performed.

Annual Required Contributions (ARC)

As discussed above, the ARC can be developed using various methodologies. Selecting an appropriate method and amortization period for funding the liabilities is a balance between the District's ability to pay costs immediately and the long-term cost of borrowing.

The following table summarizes the ARC under the methodologies provided in the report based on both the 4.00% and 7.75% discount rates for the fiscal year ending June 30, 2008:

	<u>4.00%</u>	<u>7.75%</u>
Aggregate Method	\$87,272,000	\$59,346,000
% of pay	31.7%	21.6%
Entry Age Normal Method		
30 year amortization	\$48,229,000	\$37,214,000
% of pay	17.5%	13.5%
20 year amortization	\$62,166,000	\$44,988,000
% of pay	22.6%	16.4%
10 year amortization	\$104,051,000	\$69,747,000
% of pay	37.8%	25.4%

These annual costs can be compared to the estimated pay-as-you-go funding amount of \$26,193,000.

Executive Summary (cont.)

The difference in the cost methods is the period over which past service liabilities are spread. The aggregate method spreads unfunded past service liabilities over the future working lifetimes of active participants while the entry age normal method spreads unfunded past service liabilities over the specified amortization period. It should be noted that the entry age normal method with costs spread as a level percent of pay is used to determine the ARC for CalPERS and CalSTRS retirement plans.

The results shown are developed by spreading costs as a level percent of payroll (\$275 million), as compared to a level dollar amount. Funding as a percent of payroll reduces current costs but increases future costs as District payroll increases. Funding over a longer period reduces annual costs but extends the funding period.

Sensitivity to Healthcare Trend

The healthcare trend rate also has a significant effect on the amounts reported. To illustrate, increasing the healthcare trend rates by one percentage point each year would increase the accrual by approximately 19%-23%.

Comparison to Prior Study

The following table compares certain results to the 2005 study performed by the prior actuary. Results shown are based on a 6.00% discount rate:

	July 1, 2007	July 1, 2005
Present Value of Benefits (PVB)	\$716,644,000	\$721,200,000
Actuarial Accrued Liability (AAL)	\$622,777,000	\$623,248,000
Normal Cost	\$9,907,000	\$9,712,000
Annual Required Contribution (ARC) – 30 year amortization	\$40,909,000	\$54,989,000

The 2007 liabilities are close to those from the 2005 valuation. This is the net result of the following offsetting issues that affect results:

- AAL, by its nature, grows each year as active participants accrue additional benefits. PVB also grows each year as the discount period from the payment date decreases.
- Healthcare costs have increased at rates slightly lower than assumed since the 2005 study.
- Assumed future healthcare trend was slightly increased compared to the 2005 study.
- The actuarial cost method was changed from the Projected Unit Credit (PUC) cost method in 2005 to the Entry Age Normal (EAN) cost method in 2007. The EAN method is used by the vast majority of public sector plans, including CalPERS and CalSTRS. EAN is also the required method if the District intends to pre-fund through CalPERS' California Employees Retiree Benefit Trust Fund (CERBT).

Executive Summary (cont.)

- The actuarial assumptions related to participant demographics (i.e., mortality, turnover, disability, and retirement rates) were changed to the assumptions used by each employee's respective pension retirement system (i.e., CalPERS and CalSTRS).

Despite close liabilities, the ARC is lower due to the amortization method utilized. The ARC in this valuation is developed by amortizing unfunded liabilities as a level percent of future payroll while the prior study spread costs as a level amount. This change was discussed previously.

* * *

The following report shows the details of results by participant status and benefits provided, based on a 4.0% discount rate.

Table of Contents

Exhibits	Page
1. Actuarial Valuation Certificate.....	1
2. Plan Liabilities	3
3. Annual Required Contributions	5
4. Projected Benefit Payments.....	6
5. GASB Reporting and Disclosure Information	7
6. Participant Information.....	8
7. Summary of Principal Plan Provisions	11
8. Actuarial Assumptions	13
9. Glossary	21
Appendix A	29

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1. Actuarial Valuation Certificate

This report presents the results of the actuarial valuation for the Los Angeles Community College District Postretirement Health Benefits as of July 1, 2007 for development of the Annual Required Contribution and disclosure items under Governmental Accounting Standards Board (GASB) Statement 45.

This report was prepared using generally accepted actuarial practices and methods. The actuarial assumptions used in the calculations are individually reasonable and reasonable in aggregate.

Aon Consulting did not audit the employee data and financial information used in this valuation. On the basis of our review of this data, we believe that the information is sufficiently complete and reliable, and that it is appropriate for the purposes intended.

Actuarial computations under GASB 45 are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations for purposes other than meeting Employer financial accounting requirements may be different from these results. As required by GASB 45, this valuation assumes this will be an ongoing plan. However, this assumption does not imply any obligation by the employer to continue the plan.

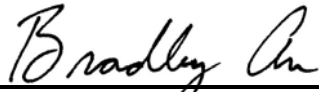
This report is intended for the sole use of the Los Angeles Community College District. It is intended only to supply information for the District to comply with the stated purpose of the report and may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other than the intended purposes, puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including the Los Angeles Community College District should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Aon Consulting.

The actuaries whose signatures appear below are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The actuaries are available to answer any questions with regard to the matters enumerated in this report.

1. Actuarial Valuation Certificate (cont.)

Aon's relationship with the Plan and the Plan Sponsor is strictly professional. There are no aspects of the relationship that may impair or appear to impair the objectivity of our work.

Respectfully submitted,

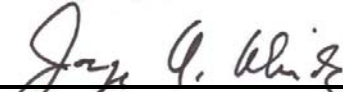


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2. Plan Liabilities

The liabilities shown in this exhibit were calculated using a 4.0% discount rate as of the July 1, 2007 valuation date. They are utilized in the development of the Annual Required Contribution (ARC) under various alternatives shown in the following exhibit.

While GASB 45 allows the development of the ARC under various funding cost methods, this report shows the ARC under the Aggregate and Entry Age Normal cost methods, which are based on the following PVB and AAL liabilities, respectively.

The **Present Value of Benefits (PVB)** represents the actuarial present value of all benefits ever to be paid to current employees and retirees. The PVB follows:

	Non-AB528	AB528 *	Police Agreement	Total
PVB				
<i>Medical – Pre 65</i>				
Active	\$ 128,846,000	\$ 0	\$ 980,000	\$ 129,826,000
Retirees	45,327,000	0	86,000	45,413,000
Subtotal	174,173,000	0	1,066,000	175,239,000
<i>Medical – Post 65</i>				
Active	412,056,000	0	1,711,000	413,767,000
Retirees	330,065,000	0	303,000	330,368,000
Subtotal	742,121,000	0	2,014,000	744,135,000
<i>Dental</i>				
Active	44,262,000	0	965,000	45,227,000
Retirees	35,198,000	0	0	35,198,000
Subtotal	79,460,000	0	965,000	80,425,000
<i>Vision</i>				
Active	10,782,000	0	239,000	11,021,000
Retirees	8,539,000	0	0	8,539,000
Subtotal	19,321,000	0	239,000	19,560,000
<i>All Benefits</i>				
Active	\$ 595,946,000	\$ 0	\$ 3,895,000	\$ 599,841,000
Retirees	419,129,000	0	389,000	419,518,000
Total PVB	1,015,075,000	0	4,284,000	1,019,359,000
PVB Per Participant				
Active	\$ 166,000	\$ 0	\$ 76,000	\$ 150,000
Retirees	132,000	0	130,000	132,000

* AB528 retiree contributions are expected to cover all costs, so no liabilities are shown.

2. Plan Liabilities (cont.)

The **Actuarial Accrued Liability (AAL)** is a portion of the PVB attributable to past service. For retirees and fully eligible active employees, the AAL is equal to the PVB. For other active employees, the AAL is the portion of the PVB deemed to be accrued to date. The **Normal Cost** is the portion of the PVB that is allocated to the current plan year for active employees.

The AAL in this report is based on the Entry Age Normal cost method and has been developed by spreading costs as a level percentage of payroll.

The AAL developed by spreading costs as a level percentage of payroll follows:

	Non-AB528	AB528 *	Police Agreement	Total
AAL				
<i>Medical – Pre 65</i>				
Active	\$ 85,595,000	\$ 0	\$ 541,000	\$ 86,136,000
Retirees	45,327,000	0	86,000	45,413,000
Subtotal	130,922,000	0	627,000	131,549,000
<i>Medical – Post 65</i>				
Active	288,856,000	0	1,086,000	289,942,000
Retirees	330,065,000	0	303,000	330,368,000
Subtotal	618,921,000	0	1,389,000	620,310,000
<i>Dental</i>				
Active	31,487,000	0	502,000	31,989,000
Retirees	35,198,000	0	0	35,198,000
Subtotal	66,685,000	0	502,000	67,187,000
<i>Vision</i>				
Active	7,669,000	0	124,000	7,793,000
Retirees	8,539,000	0	0	8,539,000
Subtotal	16,208,000	0	124,000	16,332,000
<i>All Benefits</i>				
Active	413,607,000	0	2,253,000	415,860,000
Retirees	419,129,000	0	389,000	419,518,000
Total AAL	832,736,000	0	2,642,000	835,378,000
AAL Per Participant				
Active	116,000	0	44,000	104,000
Retirees	132,000	0	130,000	132,000
Normal Cost				
<i>Medical – Pre 65</i>	\$ 3,656,000	\$ 0	\$ 50,000	\$ 3,706,000
<i>Medical – Post 65</i>	11,157,000	0	90,000	11,247,000
<i>Dental</i>	1,185,000	0	43,000	1,228,000
<i>Vision</i>	289,000	0	11,000	300,000
Total Normal Cost	16,287,000	0	194,000	16,481,000
Normal Cost Per Active	\$ 5,000	\$ 0	\$ 4,000	\$ 4,000

* AB528 retiree contributions are expected to cover all costs, so no liabilities are shown.

3. Annual Required Contributions

The ARC amounts shown on this page are determined by amortizing future costs as a level percent of payroll. The level percent of payroll method results in lower current costs compared to level amount amortization, but increases future costs as District payroll increases over time.

The ARC amounts shown assume payments are made at the end of the year. The assets are allocated proportionately to the actuarial accrued liability for illustration purposes.

Aggregate Cost Method

The Aggregate method is one of the more basic and easy to understand cost methods. Under this method, the ARC is the amount required to fund the unfunded PVB over the future working lifetime of active participants.

	Non-AB528	AB528	Police Agreement	Total
PVB	\$ 1,015,075,000	\$ 0	\$ 4,284,000	\$ 1,019,359,000
Assets	0	0	0	0
Unfunded PVB	1,015,075,000	0	4,284,000	1,019,359,000
ARC	\$ 86,905,000	\$ 0	\$ 367,000	\$ 87,272,000
Percent of Payroll	31.6%	n/a	n/a	31.7%

Entry Age Normal Cost Method

The Entry Age Normal method is used to develop the District's CalPERS and CalSTRS pension costs. Under this method, the ARC is equal to the Normal Cost plus the amortization of the unfunded AAL over the selected period.

	Non-AB528	AB528	Police Agreement	Total
Accrued Liability	\$ 832,736,000	\$ 0	\$ 2,642,000	\$ 835,378,000
Assets (allocated by AAL)	0	0	0	0
Unfunded Accrued Liability	832,736,000	0	2,642,000	835,378,000
Normal cost, plus interest	16,938,000	0	201,000	17,139,000
Percent of payroll	6.2%	n/a	n/a	6.2%
ARC				
- 30 year amortization	\$47,930,000	\$0	\$299,000	\$48,229,000
Percent of Payroll	17.4%	n/a	n/a	17.5%
- 20 year amortization	\$61,823,000	\$0	\$343,000	\$62,166,000
Percent of Payroll	22.5%	n/a	n/a	22.6%
- 10 year amortization	\$103,575,000	\$0	\$476,000	\$104,051,000
Percent of Payroll	37.7%	n/a	n/a	37.8%

Note: 30 years is the longest period that GASB allows for amortizing unfunded liabilities.

4. Projected Benefit Payments

The following table shows the estimated projected net District benefit payments based on the current plan provisions, current plan participants, and the valuation assumptions used in this report. The payments would be equivalent to funding the liabilities on a pay-as-you-go basis.

<u>Year Ending June 30</u>	<u>Distributions</u>
2008	\$ 26,193,000
2009	28,931,000
2010	31,540,000
2011	34,083,000
2012	36,128,000
2013	37,831,000
2014	39,327,000
2015	40,756,000
2016	41,772,000
2017	43,117,000
2018	44,242,000
2019	45,323,000
2020	46,612,000
2021	47,869,000
2022	49,021,000
2023	50,513,000
2024	51,778,000
2025	53,108,000
2026	54,497,000
2027	55,926,000
2028	56,979,000
2029	57,958,000

5. GASB Reporting and Disclosure Information

GASB 45 requires certain items to be disclosed in the footnotes to the District's financial statements, including the following:

- Plan description
 - Name of plan and identification of the entity that administers plan
 - Brief description of the types of benefits
- Funding policy
 - Required contribution rates of plan members
 - Required contribution rates of employer

In addition, the tables below show required supplementary information to be shown with three years of historical information in the District's financial statements.

Sample information is shown as if the District adopted GASB 45 for the current fiscal year, elected to use the entry age normal cost method with unfunded liabilities amortized over 30 years, and continues to fund on a pay-as-you-go basis.

Development of Net OPEB Obligation (NOO) and Annual OPEB Cost (000s omitted)

Fiscal Year	Annual Required Contributions	Actual Contribution	NOO End of Year	Interest on Net OPEB Obligation	Adjustment to the Annual Required Contribution	Annual OPEB Cost	Interest Rate	Salary Scale	Amortization Factor
07/08	\$48,229	\$26,193	\$22,036	\$0	\$0	\$48,229	4.0%	3.25%	26.9

Schedule of Funding Progress (000s omitted)

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate	Salary Scale
Actual	07/01/2007	\$0	\$835,378	\$835,378	0.0%	\$275,000	303.8%	4.0%	3.25%

Schedule of Employer Contributions (000s omitted)

Fiscal Year Ending:	Annual OPEB Costs	Actual Contribution	Percentage Contribution	Net OPEB Obligation
6/30/2008	\$48,229	\$26,193	54%	\$22,036

6. Participant Information

This exhibit contains participant demographic information.

Active Employee Age/Service Distribution

The following tables display the age and eligible service for active employees, excluding police officers covered under the 2001 agreements of the District.

Non-AB528

Age	Years of Eligible service										Total
	0	1-2	3-4	5-9	10-14	15-19	20-24	25-29	30-34	>=35	
<25	18	5	4	1							28
25-29	53	23	10	58							144
30-34	45	31	34	115	15						240
35-39	22	46	41	157	61	42					369
40-44		23	47	174	87	81	12	1			425
45-49		26	35	174	105	68	21	19	1		449
50-54		23	23	152	107	117	35	82	30		569
55-59		12	22	140	101	93	44	125	82	15	634
60-64		6	11	73	44	66	34	96	74	28	432
>65		2	5	35	30	43	19	60	56	40	290
Total	138	197	232	1,079	550	510	165	383	243	83	3,580

AB528

Age	Years of Eligible Service										Total
	0	1-2	3-4	5-9	10-14	15-19	20-24	25-29	30-34	>=35	
<25											
25-29		1									1
30-34	1	6	7	12							26
35-39		6	10	29	5						50
40-44		3	7	23	5	2					40
45-49		7	8	21	7	3					46
50-54		6	10	20	10	7	2				55
55-59		4	8	23	18	5					58
60-64		2	6	28	10	3	1				50
>65		3	3	11	13	8	1		1		40
Total	1	38	59	167	68	28	4	0	1	0	366

6. Participant Information (cont.)

Distribution of Participants by Plan

Actives

Plan	Non-AB528	AB528	Police Agreement	Grand Total
<i>Medical</i>				
Blue Shield PPO	2,324	28		2,352
Blue Shield HMO	216	4		220
Kaiser	1,002	14		1,016
No coverage	38	320	51	409
Total	3,580	366	51	3,997
<i>Dental</i>				
Blue Cross	3,298	38		3,336
Safeguard	243	8		251
No Coverage	39	320	51	410
Total	3,580	366	51	3,997
<i>Vision</i>				
VSP	3,542	46		3,588
No Coverage	38	320	51	409
Total	3,580	366	51	3,997

Retirees

Plan	Non-AB528	AB528	Police Agreement *	Grand Total
<i>Medical</i>				
Blue Shield PPO	2,106			2,106
Blue Shield HMO	27			27
Kaiser	989			989
No coverage	47	1	3	51
Total	3,169	1	3	3,173
<i>Dental</i>				
Blue Cross	3,059	1		3,060
Safeguard	96			96
No Coverage	14		3	17
Total	3,169	1	3	3,173
<i>Vision</i>				
VSP	3,144	1		3,145
No Coverage	25		3	28
Total	3,169	1	3	3,173

* covered under LACERA plans

6. Participant Information (cont.)

Participant Statistics

	Non-AB528	AB528	Police	Total
<i>Actives</i>				
Number of actives	3,580	366	51	3,997
Average age of actives	50.1	51.4	49.4	50.2
Average past service	16.7	12.4	18.3	16.3
Average future service				12.0
Estimated payroll (in millions), FYE 6/30/08	\$275.0	n/a	n/a	\$275.0
<i>Retirees</i>				
Number of retirees	2,746	1	3	2,750
Number of retiree spouses	1,323	0	-	1,323
Number of surviving spouses	423	0	-	423
Average age of retirees	75.4	55.0	61.3	75.4

7. Summary of Principal Plan Provisions

The following plan provisions are the basis for the calculations in this actuarial valuation.

1. Benefit Eligibility

General Eligibility

Retirees employed by the District immediately prior to retirement and receiving a pension from either CalSTRS or PERS are eligible for benefits depending on their most recent date of hire and their benefit eligibility service, as follows:

- Hired before 2/11/1992: 3 years of service
- Hired between 2/11/1992 and 6/30/1998: 7 years of service
- Hired on or after 7/1/1998: 10 years of service

To be eligible for retirement under CalSTRS or CalPERS, each employee must be at least age 50 or age 55, respectively, and have a minimum of five years of service.

AB 528

Employees that are not eligible for District paid contributions may still be eligible for retiree coverage under California Assembly Bill 528 (AB528). At retirement, such retirees must pay for coverage at a rate based on blended active and retiree costs.

Police Officers

Employees subject to the *2001 Agreement between the District and LACCD Police Officer's Association* may be eligible to receive benefits through LACERA that are paid by the District. Such eligible retirees shall receive medical, dental, and vision benefits.

2. Benefits Provided

General Eligibility

Under the plan, the District pays a percentage of the eligible retirees' medical, dental, and vision plan premiums. As follows:

- Hired before 7/1/1998: 100% of premium
- Hired on or after 7/1/1998:
 - Between 10 and 15 years of eligibility: 50% of premium
 - Between 15 and 20 years of eligibility: 75% of premium
 - More than 20 years of eligibility: 100% of premium

AB 528

Employees that are not eligible for District paid contributions may still be eligible for retiree coverage under California Assembly Bill 528 (AB528). At retirement, such retirees are eligible for coverage to the District plans, but must pay for coverage at a rate based on blended active and retiree costs.

7. Summary of Principal Plan Provision (cont.)

Police Officers

The District pays 100% of LACERA's premiums for employees eligible under the *2001 Agreements between the District and LACCD Police Officer's Association*, reduced by 4% for each year of service under LACERA up to 25 years. This reduction only applies to employees with more than 10 years of service under LACERA.

3. **Dependent coverage**

The retirement health benefit continues for the lifetime of a surviving spouse and for other dependents as long as they are entitled to coverage under pertinent eligibility rules.

4. **Retiree contributions**

Retirees hired before 7/1/1998 have no required contributions. Retirees hired on or after 7/1/1998 that have less than 20 years of service pay the portion of premiums not paid by the District.

Retirees eligible for benefits under AB528 pay for coverage at the premium rate based on blended active and retiree costs.

8. Actuarial Assumptions

1. Actuarial Cost Method

The costs shown in the report were developed using two different funding methods:

Under the Aggregate cost method, the ARC equals an amortization of the unfunded present value of future benefits, based on the following:

- Period equal to the average future working lifetime of active participants
- Level percentage of future payroll amounts

The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date (assuming the plan existed on the employee's hire date) to the expected retirement date. Under the EAN cost method, the plan's normal cost is developed as a level percentage of payroll spread over the participants' working lifetime. The AAL is the cumulative value, on the valuation date, of prior normal costs. For retirees, the AAL is the present value of all projected benefits.

The ARC under this method equals the normal cost plus the amortization of the unfunded AAL based on the following:

- Specified amortization period (10, 20, or 30 years are shown)
- Level percentage of future payroll amounts

The Plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover, and the like, which are assumed to hold for many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true Plan costs.

2. Discount Rate

4.0% - This is based on the assumption that benefits will be paid from general District assets, or paid from a separate trust where assets are invested relatively conservatively.

7.75% was used for the illustration of results assuming the district pre-funds benefits in a trust with a mix of assets classes.

3. Payroll Increases

3.25% - This is the annual rate at which total payroll (\$275 million) is expected to increase and is used in the cost method used to calculate the ARC as a level percent of payroll.

8. Actuarial Assumptions (cont.)

4. Mortality

Mortality rates developed in the most recent CalSTRS valuation and in the 1997-2002 CalPERS Experience Study were used in the valuation. Sample rates are as follows:

Pre-retirement Mortality				
Age	CalSTRS		CalPERS Schools	
	Male	Female	Male	Female
35	0.00080	0.00037	0.00067	0.00044
40	0.00085	0.00051	0.00094	0.00063
45	0.00107	0.00077	0.00130	0.00088
50	0.00158	0.00103	0.00179	0.00125
55	0.00258	0.00157	0.00248	0.00178
60	0.00443	0.00256	0.00344	0.00256
65	0.00798	0.00509	0.00480	0.00369

Post-retirement Mortality				
Age	CalSTRS		CalPERS Schools	
	Male	Female	Male	Female
50	0.00190	0.00121	0.00245	0.00136
55	0.00321	0.00191	0.00429	0.00253
60	0.00558	0.00336	0.00721	0.00442
65	0.01015	0.00668	0.01302	0.00795
70	0.01803	0.01176	0.02135	0.01276
75	0.02848	0.01834	0.03716	0.02156
80	0.05021	0.03778	0.06256	0.03883
85	0.09419	0.06503	0.10195	0.07219

The CalPERS rates above were used for employees eligible under the *2001 Agreements between the District and LACCD Police Officer's Association*.

8. Actuarial Assumptions (cont.)

5. Turnover

Turnover rates developed in the most recent CalSTRS valuation and in the 1997-2002 CalPERS Experience Study were used in the valuation. The following sample rates are based on age and service:

CalSTRS Male

Entry Age	Years of Service							
	0	1	5	10	15	20	25	30
25	0.153	0.125	0.039	0.020	0.011	0.006	0.005	0.000
30	0.153	0.125	0.030	0.020	0.011	0.006	0.000	0.000
35	0.153	0.125	0.030	0.020	0.012	0.000	0.000	0.000
40	0.153	0.125	0.030	0.024	0.000	0.000	0.000	0.000
45	0.153	0.135	0.036	0.000	0.000	0.000	0.000	0.000

CalSTRS Female

Entry Age	Years of Service							
	0	1	5	10	15	20	25	30
25	0.153	0.100	0.058	0.020	0.009	0.007	0.006	0.000
30	0.153	0.100	0.042	0.017	0.010	0.009	0.000	0.000
35	0.153	0.100	0.029	0.014	0.009	0.000	0.000	0.000
40	0.153	0.100	0.025	0.016	0.000	0.000	0.000	0.000
45	0.153	0.100	0.025	0.000	0.000	0.000	0.000	0.000

CalPERS Schools

Entry Age	Years of Service							
	0	1	5	10	15	20	25	30
30	0.1425	0.1289	0.0746	0.0479	0.0341	0.0047	0.0012	0.0002
35	0.1329	0.1193	0.0650	0.0383	0.0066	0.0025	0.0002	0.0002
40	0.1233	0.1097	0.0554	0.0092	0.0040	0.0003	0.0002	0.0002
45	0.1137	0.1001	0.0169	0.0061	0.0014	0.0002	0.0002	0.0002
50	0.1041	0.0905	0.0134	0.0031	0.0003	0.0002	0.0002	0.0002
55	0.0945	0.0809	0.0098	0.0003	0.0003	0.0002	0.0002	0.0000

The CalPERS rates above were used for employees eligible under the *2001 Agreements between the District and LACCD Police Officer's Association*.

8. Actuarial Assumptions (cont.)

6. Retirement Age

Retirement rates developed in the most recent CalSTRS valuation and in the 1997-2002 CalPERS Experience Study for School 2% @ 55 participants were used in the valuation. The following sample rates are based on age and service:

CalSTRS

Attained Age	Under 30 Years		30 or More Years	
	Male	Female	Male	Female
50	0.00000	0.00000	0.01500	0.01500
51	0.00000	0.00000	0.01500	0.01500
52	0.00000	0.00000	0.01500	0.01500
53	0.00000	0.00000	0.02000	0.01500
54	0.00000	0.00000	0.02000	0.02000
55	0.03000	0.05000	0.06000	0.08000
56	0.02000	0.03500	0.06000	0.08000
57	0.02000	0.03500	0.08000	0.10000
58	0.03000	0.04500	0.12000	0.15000
59	0.05000	0.06000	0.16000	0.18000
60	0.07000	0.10000	0.25000	0.30000
61	0.07000	0.10000	0.40000	0.35000
62	0.09000	0.12000	0.35000	0.32000
63	0.13000	0.18000	0.27000	0.30000
64	0.12000	0.15000	0.27000	0.27000
65	0.14000	0.16000	0.27000	0.27000
66	0.10000	0.15000	0.27000	0.27000
67	0.10000	0.15000	0.27000	0.27000
68	0.10000	0.15000	0.27000	0.27000
69	0.10000	0.15000	0.27000	0.27000
70	1.00000	1.00000	1.00000	1.00000

8. Actuarial Assumptions (cont.)

CalPERS Schools

Attained Age	Years of Service					
	10	15	20	25	30	35
55	0.0384	0.0537	0.0635	0.0707	0.0792	0.0929
56	0.0314	0.0439	0.0519	0.0578	0.0647	0.0760
57	0.0337	0.0471	0.0557	0.0620	0.0694	0.0815
58	0.0402	0.0562	0.0663	0.0739	0.0827	0.0971
59	0.0457	0.0640	0.0756	0.0842	0.0942	0.1106
60	0.0729	0.1020	0.1205	0.1342	0.1502	0.1763
61	0.0721	0.1009	0.1192	0.1328	0.1486	0.1744
62	0.1512	0.2115	0.2498	0.2784	0.3114	0.3657
63	0.1363	0.1906	0.2252	0.2510	0.2808	0.3297
64	0.1060	0.1482	0.1751	0.1951	0.2183	0.2563
65	0.1797	0.2513	0.2969	0.3308	0.3701	0.4345
66	0.1146	0.1603	0.1894	0.2110	0.2361	0.2772
67	0.1056	0.1477	0.1745	0.1944	0.2175	0.2554
68	0.0944	0.1321	0.1560	0.1738	0.1945	0.2284
69	0.0889	0.1244	0.1469	0.1637	0.1832	0.2150
70	0.1308	0.1830	0.2162	0.2408	0.2695	0.3164
71	0.1019	0.1425	0.1683	0.1876	0.2099	0.2464
72	0.0899	0.1258	0.1486	0.1655	0.1852	0.2175
73	0.0875	0.1223	0.1445	0.1610	0.1802	0.2115
74	0.1092	0.1527	0.1804	0.2011	0.2249	0.2641
75	0.1082	0.1513	0.1788	0.1992	0.2229	0.2617

The CalPERS rates above were used for employees eligible under the *2001 Agreements between the District and LACCD Police Officer's Association*.

7. Disability

Disability rates developed in the most recent CalSTRS valuation and in the 1997-2002 CalPERS Experience Study were used in the valuation. Sample rates are as follows:

Age	CalSTRS		CalPERS Schools	
	Male	Female	Male	Female
30	0.00030	0.00030	0.00040	0.00030
35	0.00051	0.00060	0.00080	0.00050
40	0.00081	0.00090	0.00140	0.00100
45	0.00111	0.00110	0.00280	0.00160
50	0.00159	0.00220	0.00500	0.00300
55	0.00210	0.00280	0.00720	0.00470

The CalPERS rates above were used for employees eligible under the *2001 Agreements between the District and LACCD Police Officer's Association*.

8. Actuarial Assumptions (cont.)

8. Annual Medical Inflation (“Trend”)

The medical trend rate represents the long-term expected growth of medical benefits paid by the plan, due to non-age-related factors such as general medical inflation, utilization, new technology, and the like. The following table sets forth the trend assumptions used for the valuation:

<u>Year</u>	<u>Medical</u>	<u>Dental/Vision</u>
2007	10.0%	4.0%
2008	9.0	4.0
2009	8.0	4.0
2010	7.0	4.0
2011	6.5	4.0
2012	6.0	4.0
2013	5.5	4.0
2014+	5.0	4.0

9. Monthly Premiums

The monthly premiums valued were based on the following 2008 monthly premium rates:

	<u>Rates for non-AB528 Retirees</u>		<u>Rates for AB528 Retirees</u>	
	<u>Employee</u>	<u>Employee & Spouse or Dependent</u>	<u>Employee & Spouse & Dependent</u>	<u>Employee & Spouse or Dependent</u>
Medical				
Blue Shield PPO				
Pre-Medicare	\$740.01	\$1,396.60	\$1,396.60	\$954.63 (composite)
Medicare Eligible	\$467.97	\$928.64	\$928.64	\$954.63 (composite)
Blue Shield HMO				
Pre-Medicare	\$544.61	\$1,027.81	\$1,027.81	\$702.55 (composite)
Medicare Eligible	\$344.39	\$683.41	\$683.41	\$702.55 (composite)
Kaiser				
Pre-Medicare	\$548.60	\$1,146.56	\$1,645.79	\$559.57 \$1,112.79
Medicare Eligible	\$200.16	\$400.32	\$899.55	\$204.16 \$408.33
Dental				
Blue Cross	\$47.63	\$90.50	\$138.11	\$48.59 \$92.31
Safeguard	\$36.40	\$36.40	\$36.40	\$37.13 (composite)
Vision				
VSP	\$16.52	\$16.52	\$16.52	\$16.85 (composite)

8. Actuarial Assumptions (cont.)

Police Officers

LACERA Blue Cross I (Regular Plan) and Blue Cross III (Medicare Supplemental Plan) rates as of July 1, 2007 were used for employees eligible under the 2001 Agreements between the District and LACCD Police Officer's Association.

Monthly medical premiums are as follows:

Age	Retiree only	Retiree and Spouse
Before 65	\$846.49	\$1,527.55
After 65	275.98	550.05

10. 2007-2008 Base Year Claims

District Plans – Non-AB528 and AB528

Medical claims are developed based on the plan premiums shown above. These premiums were trended to July 1, 2007 and spread by age using a morbidity rate of 3.0% per year.

Sample monthly medical claims per individual are assumed as follows:

Age	Blue Shield PPO	Blue Shield HMO	Kaiser
50	\$579.69	\$365.25	\$390.11
55	672.00	423.43	452.24
60	779.08	490.87	524.27
65	271.17	258.58	131.63
70	314.33	299.77	152.60
75	364.42	347.51	176.91
80	422.50	402.86	205.08
85	489.75	467.02	237.75

Police Officers

Medical claims are based on actual premiums.

Dental and Vision

Dental and vision claims are not assumed to vary by age. Monthly rates per individual are assumed as follows:

Dental: \$46.18
Vision: \$11.43

8. Actuarial Assumptions (cont.)

11. Participants Valued

Only current active and retired participants are valued.

12. Plan Participation

Future eligible retirees are assumed to elect coverage at the following rates:

Non-AB528 employees	99%
AB528 employees	50%
Police Officers	100%

13. Plan Election

Actual plan elections were used for current retirees. Based on elections of current participants, future eligible retirees are assumed to elect plan coverage based on the following:

Blue Cross PPO	67%
Blue Cross HMO	1%
Kaiser HMO	32%

14. Spouse Assumption

The following percentage of retirees are assumed to be married and elect employee plus one coverage:

General Employees (non-AB528 and AB528)	45%
Police Officers	60%

Males are assumed to be three years older than their female spouses.

15. Hire Age for Police Officers

Employees eligible under the *2001 Agreements between the District and LACCD Police Officer's Association* for whom hire date was not provided were assumed to start their pre LACERA service at age 31.

9. Glossary

Actuarial Accrued Liability (AAL)

As determined by a particular Actuarial Cost Method, the portion of the Actuarial Present Value of plan benefits and expenses which is attributable to past service, and thus not provided for by future Normal Costs.

Actuarial Assumptions

Assumptions as to the occurrence of future events affecting benefit costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and employer provided benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items. The Actuarial Assumptions are used in connection with the Actuarial Cost Method to allocate plan costs over the working lifetime of plan participants.

Actuarial Cost Method

A procedure for determining the Actuarial Present Value of plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods (e.g., past service, future service), usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial Experience Gain or Loss

A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation Dates, as determined in accordance with a particular Actuarial Cost Method.

Actuarial Present Value

The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

- a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.).
- b. multiplied by the probability of the occurrence of an event (such as survival, death disability, termination of employment, etc.) on which the payment is conditioned, and
- c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.

9. Glossary (cont.)

Actuarial Present Value of Total Projected Benefits or Present Value of Benefits (PVB)

Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

Actuarial Valuation

The determination, as of a Valuation Date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a benefit plan.

Actuarial Valuation Date

The date as of which an actuarial valuation is performed.

Actuarial Value of Assets

The value of cash, investments, and other property belonging to a benefit plan, as used by the actuary for the purpose of an Actuarial Valuation.

Agent Multiple-Employer Plan

An aggregation of single-employer plans, with pooled administrative and investment functions. Separate accounts are maintained for each employer so that the employer's contributions provide benefits only for the employees of that employer. A separate actuarial valuation is performed for each individual employer's plan to determine the employer's periodic contribution rate and other information for the individual plan, based on the benefit formula selected by the employer and the individual plan's proportionate share of the pooled assets. The results of the individual valuations are aggregated at the administrative level.

Aggregate Actuarial Cost Method

A method under which the excess of the Actuarial Present Value of Projected Benefits of the group included in an Actuarial Valuation over the Actuarial Value of Assets is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. That portion of the Actuarial Present Value allocated to a valuation year is called the Normal Cost. The Actuarial Accrued Liability is equal to the Actuarial Value of Assets.

9. Glossary (cont.)

Amortization (of Unfunded Actuarial Accrued Liability)

The portion of benefit plan costs or contributions which is designed to pay off principal and interest on the Unfunded Actuarial Accrued Liability.

Annual OPEB Cost (AOC)

An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

Annual Required Contributions of the Employer (ARC)

The employer's periodic required contributions to a Defined Benefit OPEB Plan, which is the basis for determining an employer's Annual OPEB Cost. For a Cost Sharing Multiple-Employer Plan, the Contractually Required Contributions should be used to determine an employer's Annual OPEB Cost.

Contractually Required Contributions (CRC)

The contributions assessed by a Cost Sharing Multiple-Employer Plan to the participating employer for a period, without regard for the method used to determine the amounts.

Cost Sharing Multiple-Employer Plan

A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members, and the same contribution rate(s) applies for each employer.

Covered Group

Plan members included in an actuarial valuation.

Deferred Inactives

Former employees, not yet receiving retirement benefits, who are eligible for plan benefits in the future.

Defined Benefit OPEB Plan

An OPEB plan having terms that specify the benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

9. Glossary (cont.)

Discount Rate (Investment Return Assumption)

The rate used to adjust a series of future payments to determine the present value by reflecting 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 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) of plan administrator. Employer contributions generally do not necessarily equate to benefits paid.

Entry Age Normal Actuarial Cost Method

A method under which 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 or service of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

Funded Ratio

The actuarial value of assets expressed as a percentage of the Actuarial Accrued Liability.

Funding Excess

The excess of the Actuarial Value of Assets over the Actuarial Accrued Liability.

Funding Policy

The program for the amounts and timing of contributions to be made by plan members, employer(s), and other contributing entities to provide the benefits specified by an OPEB plan.

Healthcare Cost Trend Rate

The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

9. Glossary (cont.)

Implicit Rate Subsidy

The differential between utilizing a blend of active and non-Medicare retiree experience for cost of benefits, and utilizing solely the expected retiree experience. Blending a lower cost active cohort with retirees results in an implicit rate subsidy for the retirees of the entire group.

Inactives

Certain former employees with a minimum amount of years of creditable service who have benefits payable from the retirement system.

Level Percentage of Projected Payroll Amortization Method

Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases (e.g., due to inflation); in dollars adjusted for inflation, the payments can be expected to remain level.

Market-Related Value of Plan Assets

A term used with reference to the actuarial value of assets. A market related value may be fair value, market value (or estimated market value), or a calculated value that recognizes changes in fair or market value over a period of, for example, three to five years.

Net OPEB Obligation (NOO)

The cumulative difference since the effective date of this Statement between Annual OPEB Cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

Normal Cost

The portion of the Actuarial Present Value of plan benefits and expenses that is allocated to a valuation year by the Actuarial Cost Method.

OPEB Assets

The amount recognized by an employer for contributions to an OPEB plan greater than OPEB expense.

OPEB Expenditures

The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the modified accrual basis of accounting.

9. Glossary (cont.)

OPEB Expense

The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the accrual basis of accounting.

OPEB Liabilities

The amount recognized by an employer for contributions to an OPEB plan less than OPEB expense/expenditures.

Other Postemployment Benefits (OPEB)

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

Pay-As-You-Go

A method of financing a plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Plan Assets

Resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, (c) assets are legally protected from creditors of the employers or plan administrator, for the payment of benefits in accordance with the terms of the plan.

Plan Members

The individuals covered by the terms of an OPEB plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.

Postemployment

The period between termination of employment and retirement as well as the period after retirement.

Postemployment Healthcare Benefits

Medical, dental, vision, and other health-related benefits provided to terminated or retired employees and their dependents and beneficiaries.

9. Glossary (cont.)

Postretirement Benefit Increase

An increase in the benefits of retirees or beneficiaries granted to compensate for the effects of inflation (cost-of-living adjustment) or for other reasons. Ad hoc increases may be granted periodically by a decision of the board of trustees, legislature, or other authoritative body; both the decision to grant an increase and the amount of the increase are discretionary. Automatic increases are periodic increases specified in the terms of the plan; they are nondiscretionary except to the extent that the plan terms can be changed.

Projected Benefits

Those plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits. That portion of an individual's Projected Benefit allocated to service to date, determined in accordance with the terms of a plan and based on future compensation as projected to retirement, is called the Credited Projected Benefit.

Projected Unit Credit Actuarial Cost Method

A method under which the benefits (projected or unprojected) of each individual included in an Actuarial Valuation are allocated by a consistent formula to valuation years. The Actuarial Present Value of benefits allocated to a valuation year is called the Normal Cost. The Actuarial Present Value of benefits allocated to all periods prior to a valuation year is called the Actuarial Accrued Liability.

Under this method, the Actuarial Gains (or Losses), as they occur, generally reduce (or increase) the Unfunded Actuarial Accrued Liability.

Under this method, benefits are projected to all future points in time under the terms of the Plan and actuarial assumptions (for example, health trends). Retirees are considered to be fully attributed in their benefits. For actives, attribution is to expected retirement age; thus, benefits at each future point in time are allocated to past service based on a proration of service-to-date over total projected service.

Required Supplementary Information (RSI)

Schedules, statistical data, and other information that are an essential part of financial reporting and should be presented with, but are not part of, the basic financial statements of a governmental entity.

Single-Employer Plan

A plan that covers the current and former employees, including beneficiaries, of only one employer.

9. Glossary (cont.)

Sponsor

The entity that established the plan. The sponsor generally is the employer or one of the employers that participate in the plan to provide benefits for their employees and employees of other employers.

Substantive Plan

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

Transition Year

The fiscal year in which this Statement is first implemented.

Unfunded Actuarial Accrued Liability (Unfunded Actuarial Liability)

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

Appendix A

A summary of valuation results by bargaining group, using the 4.0% discount rate, follows:

Bargaining Group	Count	PVFB	AAL	NC	Expected Benefit Payments
Faculty	3,288	\$ 454,265,000	\$ 386,587,000	\$ 6,232,000	\$ 12,963,000
Tech/Clerical	1,883	269,921,000	202,886,000	5,654,000	4,801,000
Maint/Oper	685	93,804,000	72,945,000	1,855,000	2,073,000
Unrepresented	446	65,984,000	56,135,000	948,000	1,824,000
Supervisory	428	69,222,000	62,395,000	658,000	1,801,000
Crafts	222	32,861,000	25,938,000	646,000	674,000
Teamsters	113	20,866,000	17,698,000	294,000	568,000
Police	105	12,436,000	10,794,000	194,000	482,000
Total	7,170	1,019,359,000	835,378,000	16,481,000	25,186,000

A summary of valuation results by bargaining group, using the 7.75% discount rate, follows:

Bargaining Group	Count	PVFB	AAL	NC	Expected Benefit Payments
Faculty	3,288	\$ 260,975,000	\$ 240,163,000	\$ 2,555,000	\$ 12,963,000
Tech/Clerical	1,883	131,420,000	112,739,000	2,130,000	4,801,000
Maint/Oper	685	48,633,000	42,358,000	736,000	2,073,000
Unrepresented	446	37,580,000	34,530,000	384,000	1,824,000
Supervisory	428	38,847,000	36,889,000	246,000	1,801,000
Crafts	222	17,373,000	15,133,000	271,000	674,000
Teamsters	113	11,657,000	10,660,000	124,000	568,000
Police	105	7,742,000	7,066,000	102,000	482,000
Total	7,170	554,227,000	499,538,000	6,548,000	25,186,000