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# Jurupa Community Services District

**Nyhart Actuary & Employee Benefits**

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**GASB No. 75 ACTUARIAL VALUATION**

**Fiscal Year Ending June 30, 2020**

**(Measured at June 30, 2019)**

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
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**Jurupa Community Services District**  
**11201 Harrel Street**  
**Mira Loma, CA 91752**

8/3/2020

This report summarizes the GASB actuarial valuation for the Jurupa Community Services District's Other Post Employment Benefit (OPEB) for the fiscal year ending June 30, 2020 (measured at June 30, 2019). Nyhart prepared this report to meet employer financial accounting requirements under Governmental Accounting Standards Board (GASB) Statement No. 75 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions). To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 75.

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period and roll-forward techniques); and changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.

Suraj Datta, ASA, MAAA, MBA  
Consulting Actuary

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Valuation Results Summary**

As of Valuation Date: June 30, 2019

<b>Present Value of Employer Contributions</b>	<b>Explicit</b>	<b>Implicit</b>	<b>Total</b>
Actives	\$ 18,800,518	\$ 2,991,818	\$ 21,792,336
Retirees	9,008,147	3,532,367	12,540,514
<b>Total</b>	<b>\$ 27,808,665</b>	<b>\$ 6,524,185</b>	<b>\$ 34,332,850</b>

<b>Total (Accrued) OPEB Liability</b>			
Actives	\$ 9,823,945	\$ 1,449,782	\$ 11,273,727
Retirees	9,008,147	3,532,368	12,540,515
<b>Total</b>	<b>\$ 18,832,092</b>	<b>\$ 4,982,150</b>	<b>\$ 23,814,242</b>

<b>Projected Employer Contributions</b>	<b>Explicit</b>	<b>Implicit</b>	<b>Total</b>
2020	\$ 549,644	\$ 196,056	\$ 745,700
2021	577,704	220,417	798,121
2022	587,400	231,463	818,863
2023	618,919	247,120	866,039
2024	654,089	282,865	936,954
2025	683,463	290,823	974,286
2026	714,413	293,783	1,008,196
2027	742,995	298,466	1,041,461
2028	795,701	323,818	1,119,519
2029	808,638	305,036	1,113,674

**Actuarial Assumptions as of Valuation Date**

Inflation	2.50%
Salary increases	2.75% plus merit scale
Discount rate	3.80%

**Plan Membership**

Inactive plan members or beneficiaries currently receiving benefits	37
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members*	184
	<u>221</u>

\*Active headcounts include 23 pick-ups that are not included in the valuation.

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**GASB 75 Summary**

**Net OPEB Liability**

The components of the Net OPEB Liability at June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability	\$ 23,814,242	\$ 19,633,426	\$ 20,635,288
Plan fiduciary net position	(2,970,170)	(2,798,125)	(2,596,366)
Net OPEB Liability	<u>\$ 20,844,072</u>	<u>\$ 16,835,301</u>	<u>\$ 18,038,922</u>
Plan fiduciary net position as a % of the Total OPEB Liability	12.47%	14.25%	12.58%
OPEB Expense for the Fiscal Year Ended June 30,	\$ 1,577,128	\$ 1,251,457	\$ 1,522,987

**Actuarial Assumptions**

The Total OPEB Liability was determined using the following actuarial assumptions.

Inflation	2.50%	2.75%	2.75%
Salary increases	2.75% plus merit scale	3.00%	3.00%
Investment rate of return	7.00%	7.00%	7.00%
Discount rate	3.80%	4.32%	3.65%

**Plan Membership**

The Total OPEB Liability was determined based on the plan membership as of June 30,

	<u>2019*</u>	<u>2017</u>	<u>2017</u>
Inactive plan members or beneficiaries currently receiving benefits	37	29	29
Inactive plan members entitled to but not yet receiving benefits	0	0	0
Active plan members	<u>184</u>	<u>132</u>	<u>132</u>
	221	161	161

\*Active headcounts include 23 pick-ups that are not included in the valuation.

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Statement of Fiduciary Net Position**

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	<b>June 30, 2019</b>
<b>Assets</b>	
Cash and deposits	N/A
Securities lending cash collateral	N/A
Total cash	N/A
Receivables:	
Contributions	N/A
Due from broker for investments sold	N/A
Investment income	N/A
Accrued Income	N/A
Total receivables	N/A
Investments:	
Fixed income obligations and mutual funds	N/A
Domestic equities	N/A
International equities	N/A
Alternative assets/private equity	N/A
Total investments	N/A
Total assets	N/A
<b>Liabilities</b>	
Payables:	
Investment management fees	N/A
Due to broker for investments purchased	N/A
Collateral payable for securities lending	N/A
Other	N/A
Total liabilities	N/A
<b>Net position restricted for OPEB</b>	<b>\$ 2,970,170</b>

Note: This information will be provided separately from the CERBT GASB 74 Information.

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Statement of Changes in Fiduciary Net Position**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Additions</b>			
Contributions:			
Employer	\$ 587,879	\$ 438,541	\$ 447,986
Member	0	0	0
Nonemployer Contributing Entity	0	0	0
Total contributions	<u>\$ 587,879</u>	<u>\$ 438,541</u>	<u>\$ 447,986</u>
Investment income:			
Net increase in fair value of investments	\$ 172,644	\$ 206,576	\$ 248,080
Interest and dividends	0	0	0
Less investment expense, other than from securities lending	0	0	0
Net income other than from securities lending	<u>\$ 172,644</u>	<u>\$ 206,576</u>	<u>\$ 248,080</u>
Securities lending income	0	0	0
Less securities lending expense	0	0	0
Net income from securities lending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net investment income	<u>\$ 172,644</u>	<u>\$ 206,576</u>	<u>\$ 248,080</u>
Other	0	0	0
Total additions	<u>\$ 760,523</u>	<u>\$ 645,117</u>	<u>\$ 696,066</u>
<b>Deductions</b>			
Benefit payments	\$ 587,879	\$ 438,541	\$ 447,986
Administrative expense	599	1,383	1,259
Other expense	0	3,434	0
Total deductions	<u>\$ 588,478</u>	<u>\$ 443,358</u>	<u>\$ 449,245</u>
<b>Net increase in net position</b>	<u>\$ 172,045</u>	<u>\$ 201,759</u>	<u>\$ 246,821</u>
<b>Net position restricted for OPEB</b>			
Beginning of year	<u>\$ 2,798,125</u>	<u>\$ 2,596,366</u>	<u>\$ 2,349,545</u>
End of year	<u>\$ 2,970,170</u>	<u>\$ 2,798,125</u>	<u>\$ 2,596,366</u>

Note: The employer contributions include retiree benefit payments inclusive of subsidy not reimbursed from the trust.



**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 874,115	\$ 1,003,674	\$ 968,330
Interest	873,228	781,819	734,553
Changes of benefit terms	0	0	0
Differences between expected and actual experience	2,648,617	0	0
Changes of assumptions	372,735	(2,348,814)	0
Benefit payments, including refunds of member contributions	(587,879)	(438,541)	(447,986)
<b>Net change in Total OPEB Liability</b>	<u>4,180,816</u>	<u>(1,001,862)</u>	<u>1,254,897</u>
<b>Total OPEB Liability - beginning</b>	<u>19,633,426</u>	<u>20,635,288</u>	<u>19,380,391</u>
<b>Total OPEB Liability - ending (a)</b>	<u>\$ 23,814,242</u>	<u>\$ 19,633,426</u>	<u>\$ 20,635,288</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 587,879	\$ 438,541	\$ 447,986
Contributions - member	0	0	0
Contributions - nonemployer contributing member	0	0	0
Net investment income	172,644	206,576	248,080
Benefit payments, including refunds of member contributions	(587,879)	(438,541)	(447,986)
Administrative expenses	(599)	(1,383)	(1,259)
Other expense	0	(3,434)	0
<b>Net change in plan fiduciary net position</b>	<u>\$ 172,045</u>	<u>201,759</u>	<u>\$ 246,821</u>
<b>Plan fiduciary net position - beginning</b>	<u>2,798,125</u>	<u>2,596,366</u>	<u>2,349,545</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 2,970,170</u>	<u>\$ 2,798,125</u>	<u>\$ 2,596,366</u>
<b>Net OPEB Liability - ending (a) - (b)</b>	<u>\$ 20,844,072</u>	<u>\$ 16,835,301</u>	<u>\$ 18,038,922</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	12.5%	14.3%	12.6%
<b>Covered - employee payroll</b>	\$ 9,884,910	\$ 9,597,000	\$ 9,597,000
<b>Net OPEB Liability as percentage of covered-employee payroll</b>	210.9%	175.4%	188.0%

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**OPEB Expense**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 874,115	\$ 1,003,674	\$ 968,330
Interest on Total OPEB Liability	873,228	781,819	734,553
Projected earnings on OPEB plan investments	(195,848)	(181,577)	(164,424)
Reduction for contributions from active employees	0	0	0
OPEB plan administrative expense	599	4,817	1,259
Changes of benefit terms	0	0	0
Other changes	0	0	0
Current period recognition of deferred outflows/(inflows) of resources			
Differences between Expected & Actual Experience in measurement of the Total OPEB Liability	331,077	0	0
Changes of assumptions	(288,953)	(335,545)	0
Differences between Projected & Actual Earnings on OPEB Plan Investments	(17,090)	(21,731)	(16,731)
<b>Annual OPEB Expense</b>	<u>\$ 1,577,128</u>	<u>\$ 1,251,457</u>	<u>\$ 1,522,987</u>

**Retiree Health Plan**

**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

Differences between expected and actuarial experience in measurement of the Total OPEB Liability for the period ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2019 Balance
June 30, 2019	\$ 2,648,617	8	\$ 331,077	\$ 2,317,540
June 30, 2018	0	6	0	0
Total			\$ 331,077	\$ 2,317,540

Changes of assumptions for the period ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2019 Balance
June 30, 2019	\$ 372,735	8	\$ 46,592	\$ 326,143
June 30, 2018	(2,348,814)	7	(335,545)	(1,677,724)
Total			\$ (288,953)	\$ (1,351,581)

Differences between projected and actual earnings on OPEB plan investments for the period ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2019 Balance
June 30, 2019	\$ 23,204	5	\$ 4,641	\$ 18,563
June 30, 2018	(24,999)	5	(5,000)	(14,999)
June 30, 2017	(83,656)	5	(16,731)	(33,463)
Total			\$ (17,090)	\$ (29,899)

The balances as of June 30, 2019 of the deferred outflows/(inflows) of resources will be recognized in OPEB expense for the period ending June 30,

2020	\$	25,034
2021	\$	25,033
2022	\$	41,766
2023	\$	46,764
2024	\$	42,125
Thereafter	\$	755,338

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Rate of Return**

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The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<b>Asset class</b>	Target allocation	Long-term expected real rate of return
<b><i>CERBT</i></b>		
Global Equity	59.0%	<i>5.50%</i>
Global Debt Securities	25.0%	<i>2.35%</i>
Inflation Assets	5.0%	<i>1.50%</i>
Commodities	3.0%	<i>1.75%</i>
REITs	8.0%	<i>3.65%</i>
<b>Total</b>	100.0%	

Long-term expected rate of return is 7.00%.

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Net OPEB Liability Sensitivity**

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**Discount rate**

The discount rate used to measure the Total OPEB Liability is 3.80%.

**Sensitivity of the Net OPEB Liability to changes in the discount rate**

The following presents the Net OPEB Liability, calculated using the discount rate of 3.80%, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

	<b>1% Decrease (2.80%)</b>	<b>Current Discount Rate (3.80%)</b>	<b>1% Increase (4.80%)</b>
Net OPEB Liability	\$ 25,124,317	\$ 20,844,072	\$ 17,466,768

**Sensitivity of the Net OPEB Liability to changes in healthcare cost trend rates**

	<b>1% Decrease</b>  (5.50% decreasing to 3.50%)	<b>Current Healthcare Cost Trend Rates</b>  (6.50% decreasing to 4.50%)	<b>1% Increase</b>  (7.50% decreasing to 5.50%)
Net OPEB Liability	\$ 17,078,271	\$ 20,844,072	\$ 25,730,730

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Schedule of Contributions**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution*	\$ 1,562,769	\$ 1,548,164	\$ 1,121,220
Contributions in relation to the actuarially determined contribution	587,879	438,541	447,986
<b>Contribution deficiency (excess)</b>	<b>\$ 974,890</b>	<b>\$ 1,109,623</b>	<b>\$ 673,234</b>
Covered-employee payroll	\$ 9,884,910	\$ 9,597,000	\$ 9,597,000
Contributions as a percentage of covered-employee payroll	5.95%	4.57%	4.67%

\*The 2018 and 2019 ADC come from the Actuarial Valuation Report dated August 28, 2018. The 2017 ADC comes from the Actuarial Valuation Report dated September 5, 2015.

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Valuation Data**

The valuation was based on the census furnished to us by the District. The following tables display the age distribution for retirees and the age/service distribution for active employees as of the Valuation Date.

Age Distribution of Eligible Retired Participants & Beneficiaries

Age	Pre-65	Post- 65	Total
<50	1	0	1
50-54	2	0	2
55-59	13	0	13
60-64	8	0	8
65-69	0	5	5
70-74	0	3	3
75-79	0	5	5
80+	0	0	0
Total:	24	13	37
Average Age:	58.8	72.1	63.5
Average Retirement Age:	54.3	62.5	57.1

Age/Service Distribution of All Active Benefit Eligible Employees\*

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	21									21
25-29	22	4								26
30-34	12	3	4							19
35-39	15	9	8							32
40-44	7	7	6	2						22
45-49	7	4	5	2						18
50-54	1	8	7	1	1		1			19
55-59	2	5	7	2	2		0			18
60-64	2	1	2	0	0	1	0	0		6
65-69	0	1	0	1	0	0	0	0		2
70+	1	0	0	0	0	0	0	0	0	1
Total:	90	42	39	8	3	1	1	0	0	184
Average Age:			40.4							
Average Service:			6.4							

\*Active headcounts include 23 pick-ups not included in the valuation.

**Retiree Health Plan  
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)  
Benefit Plan Provisions**

This study analyzes the retiree health benefits of the District. The retiree health benefits provided to eligible retirees are basically a continuation of the medical plans for active employees. Our findings and assumptions are based on the retiree health benefits program in effect on June 30, 2019.

Eligible active employees are offered a choice of medical (including prescription drug coverage) plans through the CalPERS Health Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). The District offers the same medical plans to eligible retirees except once a retiree is eligible for Medicare, the retiree must join a Medicare HMO or Supplement Plan with Medicare being the primary payer.

Eligibility for retiree health benefits requires retirement from the District and PERS (typically on or after age 50 with at least 5 years of PERS eligible service). The District contribution is 100% of the cost of coverage for the retiree and their dependents. For employees hired on or after March 1, 2008, the District's contribution requires at least 10 years of PERS eligible service (at least 5 years of which is with the District) and is subject to a vesting schedule as follows:

<u>CalPERS Service</u>	<u>District's Contribution</u>	<u>CalPERS Service</u>	<u>District's Contribution</u>
10 Years of Service	50%	16 Years of Service	80%
11 Years of Service	55%	17 Years of Service	85%
12 Years of Service	60%	18 Years of Service	90%
13 Years of Service	65%	19 Years of Service	95%
14 Years of Service	70%	20+ Years of Service	100%
15 Years of Service	75%		

Surviving spouses of the eligible retiree are also eligible for the District's contribution at the retiree rate. Retirees are not eligible for dental or vision benefits at retirement other than COBRA continuation.

Employees hired on or after July 1, 2014 are not eligible for the above District contribution, but may still continue health coverage through the CalPERS Health Program with the District paying the CalPERS minimum required employer contribution. The MRC contribution is \$136 and \$139 for 2019 and 2020, respectively.

Premium Rates

The District participates in the CalPERS Health Program, a community-rated program for its medical coverage. The following tables summarize the 2019 and 2020 monthly premiums for the primary medical plans in which the retirees are enrolled.

<b>2019 Other So. Cal. Region</b>	<b>Kaiser</b>	<b>BS HMO</b>	<b>PERS Care</b>	<b>PERS Choice</b>	<b>PERS Select</b>
Retiree Only	\$ 628.63	\$ 760.04	\$ 907.29	\$ 721.11	\$ 462.71
Retiree Plus Spouse	\$1,257.26	\$1,520.08	\$1,814.58	\$1,442.22	\$ 925.42
Retiree Plus Family	\$1,634.44	\$1,976.10	\$2,358.95	\$1,874.89	\$1,203.05
Retiree Only- Medicare	\$ 323.74	N/A	\$ 394.83	\$ 360.41	\$ 360.41
Retiree Plus Spouse – Medicare	\$ 647.48	N/A	\$ 789.66	\$ 720.82	\$ 720.82



**Retiree Health Plan  
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)  
Benefit Plan Provisions**

<b>2019 Other So. Cal. Region (Continued)</b>	<b>Sharp HMO</b>	<b>UHC HMO</b>	<b>Anthem HMO Select</b>	<b>Anthem HMO Traditional</b>	<b>Health Net Salud</b>	<b>Health Net Smart Care</b>
Retiree Only	\$ 593.66	\$ 646.65	\$ 625.07	\$ 830.89	\$ 427.81	\$ 642.71
Retiree Plus Spouse	\$1,187.32	\$1,293.30	\$1,250.14	\$1,661.78	\$ 855.62	\$1,285.42
Retiree Plus Family	\$1,543.52	\$1,681.29	\$1,625.18	\$2,160.31	\$1,112.31	\$1,671.05
Retiree Only- Medicare	N/A	\$ 299.37	N/A	\$ 357.44	N/A	N/A
Retiree Plus Spouse - Medicare	N/A	\$ 598.74	N/A	\$ 714.88	N/A	N/A

<b>2020 Region 2</b>	<b>Kaiser</b>	<b>BS HMO</b>	<b>PERS Care</b>	<b>PERS Choice</b>	<b>PERS Select</b>
Retiree Only	\$ 645.24	\$ 909.87	\$ 986.66	\$ 736.28	\$ 451.54
Retiree Plus Spouse	\$1,290.48	\$1,819.74	\$1,973.32	\$1,472.56	\$ 903.08
Retiree Plus Family	\$1,677.62	\$2,365.66	\$2,565.32	\$1,914.33	\$1,174.00
Retiree Only- Medicare	\$ 339.43	N/A	\$ 384.78	\$ 351.39	\$ 351.39
Retiree Plus Spouse - Medicare	\$ 678.86	N/A	\$ 769.56	\$ 702.78	\$ 702.78

<b>2020 Region 2 (Continued)</b>	<b>Sharp</b>	<b>UHC HMO</b>	<b>Anthem HMO Select</b>	<b>Anthem HMO Traditional</b>	<b>Health Net Smart Care</b>	<b>Health Net Salud</b>
Retiree Only	\$ 606.02	\$ 671.60	\$ 654.04	\$ 934.95	\$ 719.26	\$ 435.14
Retiree Plus Spouse	\$1,212.04	\$1,343.20	\$1,308.08	\$1,869.90	\$1,438.52	\$ 870.28
Retiree Plus Family	\$1,575.65	\$1,746.16	\$1,700.50	\$2,430.87	\$1,870.08	\$1,131.36
Retiree Only- Medicare	N/A	\$ 327.03	\$ 388.15	\$ 388.15	N/A	N/A
Retiree Plus Spouse - Medicare	N/A	\$ 654.06	\$ 766.30	\$ 766.30	N/A	N/A

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Actuarial Assumptions and Methods**

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The liabilities set forth in this report are based on the actuarial assumptions described in this section.

Fiscal Year:	July 1 <sup>st</sup> to June 30 <sup>th</sup>
Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019 for FYE 6/30/2020
Funding Practice:	After some initial prefunding into the CERBT, the District has not been prefunding into the trust. The District does pay retiree related contributions directly and has not been seeking reimbursement from the trust for these payments.
Expected Rate of Return:	7.00% per annum; assumes the City invests in the CERBT asset allocation Strategy 1 with a margin for adverse deviation of 28 bps.
Discount Rate:	3.80% per annum. The discount rate is a blended rate between the rate of return at 7.00% and 3.15%, the resulting rate using the Bond Buyer 20-Bond GO index, S&P Municipal Bond 20 year high-grade rate index, and Fidelity GO AA – 20 Yrs.  <i>[The discount rate as of the June 30, 2018 measurement date was 4.32%.]</i>
Inflation:	2.50% per annum
Payroll Increases:	2.75% per annum, plus CalPERS Merit Scale
Pre-retirement Turnover:	According to the termination rates under the 2017 experience study for the CalPERS pension plan. <i>[Rates have been updated to the CalPERS 2017 experience study from the 2014 experience study for the pension plan.]</i>
Mortality Rates:	Mortality rates are based on:  Healthy Actives and Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019
Retirement Age:	According to the retirement rates under the 2017 CalPERS pension plan valuation. According to the following retirement tables:  Miscellaneous Tier 1: 2.7% @55 Miscellaneous Tier 2: 2.0% @62 <i>[Rates have been updated from the 2014 CalPERS experience study for the pension plan.]</i>

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Actuarial Assumptions and Methods**

Participation Rates: 100% of eligible active employees are assumed to elect medical coverage at retirement. For retirees only eligible for the CalPERS minimum required contribution the percentage is reduced to 35%. Actual plan coverage is used for current retirees. Future retirees are assumed to elect plan coverage similar to current retirees.

Dependent Coverage: Not explicitly valued but included upon election of dependent coverage at retirement.

Claim Cost Development: The valuation claim costs are based on the premiums paid for medical insurance coverage. The District participates in CalPERS, a community rated plan. Past valuations assumed the District was exempt from the valuation of any medical plan implicit rate subsidy. An implicit rate subsidy can exist when the non-Medicare rates for retirees are the same as for active employees. Since non-Medicare eligible retirees are typically much older than active employees, their actual medical costs are typically higher than for active employees. The current valuation contains an estimate of the implicit rate subsidy. Sample weighted-average claim costs are provided below:

Age	
50 to 54	\$ 9,347
55 to 59	\$11,257
60 to 64	\$13,843

Medical Trend Rates: Medical costs are adjusted in future years by the following trends:

Year	
2019	6.50%
2020	6.25%
2021	6.00%
2022	5.75%
2023	5.50%
2024	5.25%
2025	5.00%
2026	4.75%
2027+	4.50%

Minimum Contribution: The CalPERS minimum required contribution is assumed to increase 4% per year.

**Retiree Health Plan**  
**GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2019)**  
**Actuarial Assumptions and Methods**

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Actuarial Cost Method: The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the “cost” is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee’s date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. As required by GASB 75, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

All employees eligible as of the measurement date in accordance with the provisions of the Plan listed in the data provided by the District were included in the valuation.

Actuarial Value of Assets: Any assets of the plan will be valued on a market value basis.

GASB 75 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
2. **Actuarial Cost Method** – A procedure for determining the Actuarial Present Value of Future Benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Service Cost and a Total OPEB Liability.
3. **Actuarially Determined Contribution** - A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice.
4. **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.
5. **Deferred Outflow / (Inflow) of Resources** – represents the following items that have not been recognized in the OPEB Expense:
  - a. Differences between expected and actual experience of the OPEB plan
  - b. Changes in assumptions
  - c. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)
6. **Explicit Subsidy** – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.
7. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the Total OPEB Liability.

8. **Healthcare Cost Trend Rate** – The rate of change in the 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. **Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.
10. **OPEB** – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
11. **OPEB Expense** – Changes in the Net OPEB Liability in the current reporting period, which includes Service Cost, interest cost, changes of benefit terms, expected earnings on OPEB Plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources.
12. **Pay-as-you-go** – A method of financing a benefit 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.
13. **Per Capita Costs** – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.
14. **Present Value of Future Benefits** – 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.
15. **Real Rate of Return** – the rate of return on an investment after adjustment to eliminate inflation.

16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% are the select rates, and 7% is the ultimate rate.
17. **Service Cost** – The portion of the Actuarial Present Value of projected benefit payments that is attributed to a valuation year by the Actuarial Cost Method.
18. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.
19. **Total OPEB Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits, which is attributed to past periods of employee service (or not provided for by the future Service Costs).