



THREE RIVERS SCHOOL DISTRICT
EARLY RETIREMENT PROGRAM
REVISED ACTUARIAL VALUATION REPORT
As of July 1, 2009

**THREE RIVERS SCHOOL DISTRICT
 EARLY RETIREMENT PROGRAM
 REVISED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2009**



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CERTIFICATION

The purpose of this report is to summarize the results of the Actuarial Valuation of Three Rivers School District's Early Retirement Program (ERP) as of July 1, 2009.

This report includes a summary of the employee and plan financial data as of the valuation date. This report also sets forth the actuarial cost requirements of the plan as required under GASB 27 and 45 for the fiscal years ending June 30, 2011 and June 30, 2012.

All information submitted to us by the Plan Administrator has been reviewed for reasonableness and consistency, but has otherwise been accepted and relied upon without audit.

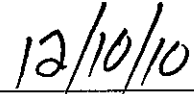
To the best of our knowledge this report is complete and accurate. The calculations are performed in accordance with generally accepted actuarial principles and practices. Each material assumption is, in our opinion, individually reasonable and falls within the best estimate range, taking into account past experience and reasonable future expectations, and is consistent with each other material assumption.

The results presented in this report are based on assumptions that represent our best estimate of anticipated plan experience, within the constraints of currently applicable laws and regulations.


The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



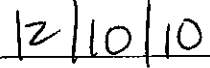
Steven L. Diess, EA, MAAA



Date



Kerry M. Smith



Date

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SUMMARY OF RESULTS

The following table summarizes the key results of the actuarial valuation for the current plan year.

	Administrators	Classified	Licensed	Total
Annual Required Contribution				
Stipend	\$ 0	\$ 0	\$ 237,507	\$ 237,507
Medical and Life Insurance	247,708	959,369	1,223,590	2,430,667
Total	\$ 247,708	\$ 959,369	\$ 1,461,097	\$ 2,668,174
Estimated Net Pension (OPEB) Obligation				
On June 30, 2011				
Stipend	\$ 0	\$ 0	\$ 546,600	\$ 546,600
Medical and Life Insurance	177,512	269,408	(169,913)	277,007
Total	\$ 177,512	\$ 269,408	\$ 376,687	\$ 823,607
On June 30, 2012				
Stipend	\$ 0	\$ 0	\$ 726,924	\$ 726,924
Medical and Life Insurance	268,162	326,723	(112,187)	482,698
Total	\$ 268,162	\$ 326,723	\$ 614,737	\$ 1,209,622
Funding Results				
Actuarial Value of Assets	\$ 0	\$ 0	\$ 0	\$ 0
Actuarial Accrued Liability				
Stipend	\$ 0	\$ 0	\$ 2,202,235	\$ 2,202,235
Medical	1,596,210	9,425,954	8,510,518	19,532,682
Life Insurance	15,325	0	0	15,325
Total	\$ 1,611,535	\$ 9,425,954	\$ 10,712,753	\$ 21,750,242
Normal Cost, beginning of year				
Stipend	\$ 0	\$ 0	\$ 144,219	\$ 144,219
Medical	69,473	406,666	764,140	1,240,279
Life Insurance	458	0	0	458
Total	\$ 69,931	\$ 406,666	\$ 908,359	\$ 1,384,956
Basic Statistics				
Number of Active Participants	32	309	245	586
Number of Inactive Participants	13	73	71	157
Total Number of Participants	45	382	316	743
Participant Statistics				
Active Participants				
Average Age	49.6	50.0	46.6	48.6
Average Expected Future Service	10.8	9.5	10.9	10.2
Inactive Participants				
Average Age	60.9	60.9	60.4	60.7

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DISCUSSION AND ANALYSIS

Overview

Three Rivers School District (the District) sponsors an Early Retirement Program (ERP) with three main components, as follows:

- Stipend Benefits – Certain Licensed retirees are eligible to receive a stipend of 1/84 of final pay per month. This pension-type benefit is required to be valued under GASB Statement 27.
- Medical Benefits – Continued medical coverage is offered to the District’s eligible retirees and their spouses and dependents until eligible for Medicare. Retirees who meet certain hire date and service requirements at retirement have most or all of their premium paid by the District. Other retirees who chose to participate in the program must pay the full active premium in order to maintain coverage. However, while the District does not directly contribute to the cost of the premium for these retirees, the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the “implicit subsidy”, and is required to be valued under GASB Statement 45, along with the explicit premium payments.
- Life Insurance Benefits – District-paid life insurance benefits are provided to eligible Administrative and Confidential employees at retirement, until age 65.

GASB Statements 27 and 45

GASB Statements 27 and 45 are virtually identical in how costs are determined and what information must be disclosed; the main substantive difference is in the types of benefits that must be reported under each statement. Pension-type benefits are covered under Statement 27, while Other Post-Employment Benefits (“OPEBs”) are covered under Statement 45.

The other main difference between the statements is that Statement 27 is first effective for fiscal years beginning after June 15, 1999, while Statement 45, for employers the size of Three Rivers School District, is first effective for fiscal years beginning after December 15, 2007.

Under each statement, an Annual Required Contribution (ARC) is calculated. The ARC is equal to the Normal Cost (the value of benefits expected to be earned in the year) plus an amortization of the Unfunded Actuarial Accrued Liability (UAAL). The amortization period can be as long as 30 years.

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**DISCUSSION AND ANALYSIS
(Continued)**

Typically, ARCs calculated as of a given measurement date are valid for up to two fiscal years provided there are no major changes to plan provisions in the interim

The development of the ARCs for the respective benefits are shown on pages 12 and 16 of this report.

The statements also define an annual cost – Annual Pension Cost (APC) in Statement 27, and Annual OPEB Cost (AOC) in Statement 45. This is the cost that is shown as an expense on the District's financial statements. The first year that the District complies with the statements, the APC and AOC will equal the respective ARCs. In subsequent years, the APC or AOC will equal the ARC, adjusted for prior differences between actual contributions and the ARC.

Finally, the statements define a liability – Net Pension Obligation (NPO) in Statement 27, and Net OPEB Obligation (NOO) in Statement 45. This is the obligation that is shown on the District's financial statements. At the beginning of the first fiscal year that the District complies with the statements, the NOO is zero; it will grow in subsequent years if annual costs exceed actual contributions.

The development of the projected APC and the NPO (for Stipend benefits) and the projected AOC and the NOO (for Medical benefits) for the next two years are shown on pages 13 and 17 of this report.

Stipend Benefits

Stipend benefits are currently provided to certain eligible Licensed retirees. Only Licensed retirees not receiving explicit medical benefits and who retire with at least 18 years of service are eligible for a stipend.

Please see page 10 for a ten-year projection of cash flow due to Stipend benefits.

The Normal Cost for this benefit is relatively large compared to the Actuarial Accrued Liability, since all participants potentially eligible for this benefit are still earning it. We are amortizing the UAAL over the whole 30 years allowed since this is an ongoing benefit still being earned.

The development of the projected APC and NPO for the next two years is shown on page 13. Note that the projected NPO is only an estimate, based on expected contributions (i.e. – Stipend payments). The actual NPOs may be determined by substituting actual Stipend payments.

The exhibits on pages 14 and 15 are required by GASB 27. The covered payroll number shown on page 15 is based on the individual census data provided to us. If you use a different payroll number elsewhere in your CAFR, you should change the number on the page 15 exhibit (as well as the UAL divided by payroll figure) to be consistent.

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**DISCUSSION AND ANALYSIS
(Concluded)**

Medical and Life Insurance Benefits

As mentioned above (and described in more detail in the Plan Provisions section of this report), only certain retirees are potentially eligible for District-paid medical premiums. However, continued medical coverage to the District's eligible early retirees and their dependents on a self-paid basis is a benefit that is expected to continue indefinitely, in part because it is required by Oregon statute.

Life insurance benefits are provided to eligible Administrative and Confidential employees at retirement, until age 65.

Please see pages 10 and 11 for a ten-year projection of cash flow due to Medical and Life Insurance benefits. Note that the "cash flow" for Medical Benefits represents the explicit premiums paid **plus** the excess of expected claims for covered retirees over expected premiums (i.e. – the implicit subsidy).

Liabilities for the medical benefit are quite large, but for life insurance benefits are relatively small. Since this is an ongoing program, we are justified in amortizing the unfunded liability over the whole 30 years (as a percent of payroll) allowed under GASB 45. However, amortizing over 30 years produces a negative NOO in the first few years. This is because of the high proportion of current retirees to the active population, resulting in a payout of benefits that is disproportionately high when compared to the AOC. This is particularly the case for the Administrative and Licensed groups. For illustrative purposes, we have amortized the unfunded liability for the Administrative and Licensed groups over 10 years, and for Classified employees over 20 years. **This amortization period should be discussed, and a methodology finalized.** This amortization period may remain level in future years, or may decrease. See pages 16 and 17 for details.

For these Medical and Life Insurance benefits, the projected NOO can be considered final as long as there are no plan changes before June 30, 2011. This is because the contributions in this case include the implicit subsidy, which we do not anticipate re-calculating before July 1, 2011.

As with the Stipend benefit, the exhibits on pages 18 and 19 are required under GASB 45.

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OUTLINE OF PLAN PROVISIONS

The following is a summary of the major ERP provisions as understood as of the valuation date. It should not be relied on for the purpose of determining actual benefits under the ERP.

The ERP is composed of three components: an early retirement salary stipend (Stipend Benefit), and regular hospital/medical insurance coverage (Medical Benefit), and life insurance coverage (Life Benefit).

Retirement Eligibility

The retiree must be receiving benefits from Oregon PERS. Eligibility requirements under Oregon PERS are as follows:

- Tier 1 or Tier 2 members: Earlier of age 55, or any age with 30 years of service.
- OPSRP members: Age 55 with 5 years of service.

Stipend Benefit

- Eligible Class of Employees Only Licensed employees not receiving explicit medical benefits and who have at least 18 years of service with the District are eligible for this benefit.
- Benefit Duration Payments are made for a maximum of seven years, but in no event past age 65 or death.
- Benefit Amount 1/84 of final annual salary per month.

Medical Benefit

- Eligible Class of Employee All classes of employee are eligible to continue coverage upon retirement; however, only certain employees are potentially eligible for District-paid coverage (see below).
- Dependent Eligibility Qualified spouses, domestic partners, and children may qualify for coverage.
- Benefit Duration Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible). However, District-paid coverage continues for a maximum number of years according to the following schedule:

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**OUTLINE OF PLAN PROVISIONS
(Continued)**

Administrators:

Current administrators who have served in the administrative capacity for more than ten years as of June 30, 2004 shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. All other administrators who have served in an administrative capacity for seven years, or as a licensed teacher and administrator for 18 or more years, will receive seven years of current health insurance, but not beyond age 65. Notwithstanding the above, any administrator hired after August 15, 2007 will not be eligible for any early retirement benefits.

Classified:

Bargaining Unit members who have at least 20 years of service as of June 30, 2004 shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. Bargaining Unit members who have at least 15 years of service in a classified position, and are on the highest step of the salary schedule, shall receive early retirement benefits of seven years of current health insurance benefits, but not beyond age 65. However, if such an employee retires after June 30, 2011, the coverage will be for the employee only. Notwithstanding the above, any classified employee hired after June 30, 2000 will not be eligible for any early retirement benefits.

Licensed:

Bargaining Unit members who have at least 20 years of service and were hired in 1991 or earlier shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. Notwithstanding the above, any licensed employee retiring after June 30, 2011 will not be eligible for any early retirement medical benefits.

Retiree Contributions

Retirees pay the whole active (composite) premium unless they have District-paid coverage, in which case they pay according to the cost sharing shown under Current Premiums, below.

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**OUTLINE OF PLAN PROVISIONS
 (Concluded)**

Implicit Subsidy Amount There is an implicit subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than actual expected retiree claims costs. This is due to medical premium rates being determined by blending both active employee and retiree experience.

Current Premiums Monthly composite premiums for the 2009-10 plan year are as follows:

	Retiree Paid	Employer Paid
Admin Value Plan 1	\$ 27.26	\$ 885.45
Admin Value Plan 2	\$ -	\$ 885.45
Class Value Plan 1	\$ 38.93	\$ 885.45
Class Value Plan 2	\$ 2.67	\$ 885.45
Class Pref Double Coverage	\$ 2.67	\$ 885.45
Double Coverage Plan C	\$ -	\$ 1,457.04
Lic Plan A	\$ 133.36	\$ 913.47
Lic Plan B	\$ 309.29	\$ 913.47
Lic Ret Prim 10/0 Plan C	\$ 543.57	\$ 913.47

Life Benefit

Eligible Class of Employee Only Administrative and Confidential employees who receive explicit, District-paid Medical benefits (see above) are eligible for this benefit.

Benefit Duration Coverage continues until age 65.

Benefit Amount \$50,000 of life insurance coverage.

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ASSET SUMMARY

The ERP is not funded at this time.

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PROJECTION OF PLAN'S ANTICIPATED CASH FLOW

Stipend Benefit

<u>Plan Year</u>	<u>Administrators</u>	<u>Classified</u>	<u>Licensed</u>	<u>Total</u>
2009	\$ 0	\$ 0	\$ 21,273	\$ 21,273
2010	0	0	23,218	23,218
2011	0	0	65,286	65,286
2012	0	0	101,796	101,796
2013	0	0	136,873	136,873
2014	0	0	151,475	151,475
2015	0	0	173,642	173,642
2016	0	0	190,094	190,094
2017	0	0	209,631	209,631
2018	0	0	212,569	212,569

Medical Benefit

<u>Plan Year</u>	<u>Administrators</u>	<u>Classified</u>	<u>Licensed</u>	<u>Total</u>
2009	\$ 214,968	\$ 1,027,498	\$ 1,253,740	\$ 2,496,206
2010	188,998	976,213	1,304,478	2,469,689
2011	150,959	926,869	1,213,515	2,291,343
2012	133,755	922,625	1,124,937	2,181,317
2013	157,567	957,533	981,564	2,096,664
2014	140,629	883,002	765,072	1,788,703
2015	162,282	818,559	699,277	1,680,118
2016	168,841	819,839	560,221	1,548,901
2017	160,956	916,598	455,771	1,533,325
2018	102,754	1,005,721	518,026	1,626,501

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**PROJECTION OF PLAN'S ANTICIPATED CASH FLOW
(Concluded)**

Life Insurance

<u>Plan Year</u>	<u>Administrators</u>	<u>Classified</u>	<u>Licensed</u>	<u>Total</u>
2009	\$ 3,787	\$ 0	\$ 0	\$ 3,787
2010	2,997	0	0	2,997
2011	2,097	0	0	2,097
2012	1,480	0	0	1,480
2013	1,824	0	0	1,824
2014	1,412	0	0	1,412
2015	1,595	0	0	1,595
2016	1,577	0	0	1,577
2017	1,789	0	0	1,789
2018	1,073	0	0	1,073

Total Benefit

<u>Plan Year</u>	<u>Administrators</u>	<u>Classified</u>	<u>Licensed</u>	<u>Total</u>
2009	\$ 218,755	\$ 1,027,498	\$ 1,275,013	\$ 2,521,266
2010	191,995	976,213	1,327,696	2,495,904
2011	153,056	926,869	1,278,801	2,358,726
2012	135,235	922,625	1,226,733	2,284,593
2013	159,391	957,533	1,118,437	2,235,361
2014	142,041	883,002	916,547	1,941,590
2015	163,877	818,559	872,919	1,855,355
2016	170,418	819,839	750,315	1,740,572
2017	162,745	916,598	665,402	1,744,745
2018	103,827	1,005,721	730,595	1,840,143

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**STIPEND BENEFIT – ACCOUNTING UNDER GASB 27
 ANNUAL REQUIRED CONTRIBUTION**

	Administrators	Classified	Licensed	Total
1. Normal Cost	\$ 0	\$ 0	\$ 144,219	\$ 144,219
2. Actuarial Value of Assets	\$ 0	\$ 0	\$ 0	\$ 0
3. Actuarial Accrued Liability				
a. Actives Not Yet Eligible to Retire	\$ 0	\$ 0	\$ 1,705,700	\$ 1,705,700
b. Actives Fully Eligible	0	0	383,132	383,132
c. Inactives	<u>0</u>	<u>0</u>	<u>113,403</u>	<u>113,403</u>
d. Total (a. + b. + c.)	\$ 0	\$ 0	\$ 2,202,235	\$ 2,202,235
4. Unfunded Actuarial Accrued Liability (UAAL)	\$ 0	\$ 0	\$ 2,202,235	\$ 2,202,235
5. Amortization Period (years)	NA	NA	30	NA
6. Amortization Factor (Level \$)	1.00	1.00	26.17	NA
7. Amortization of UAAL	\$ 0	\$ 0	\$ 84,153	\$ 84,153
8. Total at Beginning of Year (1. + 7.)	\$ 0	\$ 0	\$ 228,372	\$ 228,372
9. Interest to Year End	<u>0</u>	<u>0</u>	<u>9,135</u>	<u>9,135</u>
10. Annual Required Contribution				
June 30, 2011 (8. + 9.)	\$ 0	\$ 0	\$ 237,507	\$ 237,507
11. Projected Payroll Increase of 3.00%	<u>0</u>	<u>0</u>	<u>7,125</u>	<u>7,125</u>
12. Annual Required Contribution as of				
June 30, 2012 (11. + 12.)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 244,632</u>	<u>\$ 244,632</u>

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STIPEND BENEFIT – ACCOUNTING UNDER GASB 27

NET PENSION OBLIGATION AND ANNUAL PENSION COST

Projected Net Pension Obligation at June 30, 2011

	Administrators	Classified	Licensed	Total
1. Actuarially Determined Contribution (A)	\$ 0	\$ 0	\$ 237,507	\$ 237,507
2. Net Pension Obligation (NPO) at Beginning of Year	0	0	331,718	331,718
3. Discount Rate	4.00%	4.00%	4.00%	4.00%
4. Interest on NPO (2. x 3.)	\$ 0	\$ 0	\$ 13,269	\$ 13,269
5. Amortization Factor	1.00	1.00	26.17	NA
6. Adjustment to (A) (2. ÷ 5.)	\$ 0	\$ 0	\$ 12,676	\$ 12,676
7. Annual Pension Cost (1. + 4. - 6.)	\$ 0	\$ 0	\$ 238,100	\$ 238,100
8. Contributions Made (est.)	0	0	23,218	23,218
9. Increase in NPO (7. - 8.)	\$ 0	\$ 0	\$ 214,882	\$ 214,882
10. Expected NPO at End of Year (2. + 9.)	\$ 0	\$ 0	\$ 546,600	\$ 546,600

Projected Net Pension Obligation at June 30, 2012

	Administrators	Classified	Licensed	Total
1. Actuarially Determined Contribution (A)	\$ 0	\$ 0	\$ 244,632	\$ 244,632
2. Net Pension Obligation (NPO) at Beginning of Year	0	0	546,600	546,600
3. Discount Rate	4.00%	4.00%	4.00%	4.00%
4. Interest on NPO (2. x 3.)	\$ 0	\$ 0	\$ 21,864	\$ 21,864
5. Amortization Factor	1.00	1.00	26.17	NA
6. Adjustment to (A) (2. ÷ 5.)	\$ 0	\$ 0	\$ 20,887	\$ 20,887
7. Annual Pension Cost (1. + 4. - 6.)	\$ 0	\$ 0	\$ 245,609	\$ 245,609
8. Contributions Made (est.)	0	0	65,286	65,286
9. Increase in NPO (7. - 8.)	\$ 0	\$ 0	\$ 180,323	\$ 180,323
10. Expected NPO at End of Year (2. + 9.)	\$ 0	\$ 0	\$ 726,924	\$ 726,924

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STIPEND BENEFIT – ACCOUNTING UNDER GASB 27

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Actuarially Determined Contribution	Contribution Made	Percentage Contributed
2009	\$ 163,264	-	0.0%
2010	163,264	6,239	3.8%
2011	237,507	23,218	9.8%

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STIPEND BENEFIT – ACCOUNTING UNDER GASB 27

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL ÷ Payroll
7/1/2007	\$ 0	\$ 1,322,774	\$ 1,322,774	0.0%	\$ 20,860,770	6.3%
7/1/2009	0	2,202,235	2,202,235	0.0%	23,019,318	9.6%

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**MEDICAL AND LIFE INSURANCE BENEFITS – ACCOUNTING UNDER GASB 45
 ANNUAL REQUIRED CONTRIBUTION**

	Administrators	Classified	Licensed	Total
1. Normal Cost	\$ 69,931	\$ 406,666	\$ 288,001	\$ 764,598
2. Actuarial Value of Assets	\$ 0	\$ 0	\$ 0	\$ 0
3. Actuarial Accrued Liability				
a. Actives Not Yet Eligible to Retire	\$ 576,695	\$ 3,853,744	\$ 2,083,488	\$ 6,513,927
b. Actives Fully Eligible	194,668	1,630,629	1,554,355	3,379,652
c. Inactives	<u>840,172</u>	<u>3,941,581</u>	<u>4,872,675</u>	<u>9,654,428</u>
d. Total (a. + b. + c.)	\$ 1,611,535	\$ 9,425,954	\$ 8,510,518	\$ 19,548,007
4. Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,611,535	\$ 9,425,954	\$ 8,510,518	\$ 19,548,007
5. Amortization Period (years)	10	20	10	NA
6. Amortization Factor (Level % of Pay)	9.58	18.27	9.58	NA
7. Amortization of UAAL	\$ 168,250	\$ 515,804	\$ 888,528	\$ 1,572,582
8. Total at Beginning of Year (1. + 7.)	\$ 238,181	\$ 922,470	\$ 1,176,529	\$ 2,337,180
9. Interest to Year End	<u>9,527</u>	<u>36,899</u>	<u>47,061</u>	<u>93,487</u>
10. Annual Required Contribution				
June 30, 2011 (8. + 9.)	\$ 247,708	\$ 959,369	\$ 1,223,590	\$ 2,430,667
11. Projected Payroll Increase of 3.00%	<u>7,431</u>	<u>28,781</u>	<u>36,708</u>	<u>72,920</u>
12. Annual Required Contribution as of				
June 30, 2012 (11. + 12.)	\$ <u>255,139</u>	\$ <u>988,150</u>	\$ <u>1,260,298</u>	\$ <u>2,503,587</u>

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**MEDICAL AND LIFE INSURANCE BENEFITS – ACCOUNTING UNDER GASB 45
NET OPEB OBLIGATION AND ANNUAL BENEFIT COST**

Projected Net OPEB Obligation at June 30, 2011

	Administrators	Classified	Licensed	Total
1. Actuarially Determined Contribution (A)	\$ 247,708	\$ 959,369	\$ 1,223,590	\$ 2,430,667
2. Net OPEB Obligation (NOO) at Beginning of Year	130,184	290,529	(95,153)	325,560
3. Discount Rate	4.00%	4.00%	4.00%	4.00%
4. Interest on NOO (2. x 3.)	\$ 5,207	\$ 11,621	\$ (3,806)	\$ 13,022
5. Amortization Factor	9.58	18.27	9.58	NA
6. Adjustment to (A) (2. ÷ 5.)	\$ 13,592	\$ 15,898	\$ (9,934)	\$ 19,556
7. Annual OPEB Cost (1. + 4. - 6.)	\$ 239,323	\$ 955,092	\$ 1,229,718	\$ 2,424,133
8. Contributions Made	191,995	976,213	1,304,478	2,472,686
9. Increase in NOO (7. - 8.)	\$ 47,328	\$ (21,121)	\$ (74,760)	\$ (48,553)
10. Expected NOO at End of Year (2. + 9.)	\$ 177,512	\$ 269,408	\$ (169,913)	\$ 277,007

Projected Net OPEB Obligation at June 30, 2012

	Administrators	Classified	Licensed	Total
1. Actuarially Determined Contribution (A)	\$ 255,139	\$ 988,150	\$ 1,260,298	\$ 2,503,587
2. Net OPEB Obligation (NOO) at Beginning of Year	177,512	269,408	(169,913)	277,007
3. Discount Rate	4.00%	4.00%	4.00%	4.00%
4. Interest on NOO (2. x 3.)	\$ 7,100	\$ 10,776	\$ (6,797)	\$ 11,079
5. Amortization Factor	9.58	18.27	9.58	NA
6. Adjustment to (A) (2. ÷ 5.)	\$ 18,533	\$ 14,742	\$ (17,740)	\$ 15,535
7. Annual OPEB Cost (1. + 4. - 6.)	\$ 243,706	\$ 984,184	\$ 1,271,241	\$ 2,499,131
8. Contributions Made	153,056	926,869	1,213,515	2,293,440
9. Increase in NOO (7. - 8.)	\$ 90,650	\$ 57,315	\$ 57,726	\$ 205,691
10. Expected NOO at End of Year (2. + 9.)	\$ 268,162	\$ 326,723	\$ (112,187)	\$ 482,698

THREE RIVERS SCHOOL DISTRICT
 EARLY RETIREMENT PROGRAM
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MEDICAL AND LIFE INSURANCE BENEFITS – ACCOUNTING UNDER GASB 45

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Actuarially Determined Contribution	Contribution Made	Percentage Contributed
2009	\$ 2,150,599	1,994,059	92.7%
2010	2,150,599	2,044,080	95.0%
2011	2,430,667	2,472,686	101.7%

THREE RIVERS SCHOOL DISTRICT
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MEDICAL AND LIFE INSURANCE BENEFITS – ACCOUNTING UNDER GASB 45

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL ÷ Payroll
7/1/2007	\$ 0	17,998,798	\$ 17,998,798	0.0%	\$ 20,860,770	86.3%
7/1/2009	0	\$ 19,548,007	19,548,007	0.0%	23,019,318	84.9%

**THREE RIVERS SCHOOL DISTRICT
EARLY RETIREMENT PROGRAM
REVISED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2009**



**ACTUARIAL METHODS AND ASSUMPTIONS
As of July 1, 2009**

I. Assumptions

Interest Rate for Discounting Future Liabilities	4.0% per year.
Investment Return Rate	N/A
Overall Payroll Growth	3.0% per year.
Salary Scale (Payroll Growth plus Merit and Longevity Increases)	4.0% per year
Annual Premium Increase Rate	

<u>Year</u>	<u>Medical / Rx Rate</u>
2009-10	10.0%
2010-11	9.5%
2011-12	9.0%
2012-13	8.5%
2013-14	8.0%
2014-15	7.5%
2015-16	7.0%
2016-17	6.5%
2017-18	6.0%
2018-19	5.5%
2019-20+	5.0%

Mortality Rates

RP 2000, combined active/healthy retired, white collar, sex-distinct, set back 12 months. No setback for beneficiaries and no collar adjustment for female beneficiaries.

Mortality rates for active male participants are 75% of the above rates, and for active female participants are 50% of the above rates.

**THREE RIVERS SCHOOL DISTRICT
EARLY RETIREMENT PROGRAM
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**ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)**

Turnover Rates

As developed for the valuation of benefits under Oregon PERS. Examples of turnover rates are as follows:

<u>Age</u>	<u>Ultimate</u>	<u>1st Select Period</u>	<u>2nd Select Period</u>	<u>3rd Select Period</u>
30	4.32%	7.28%	5.62%	5.27%
35	3.29%	5.85%	4.27%	3.95%
40	2.63%	5.34%	3.75%	3.42%
45	2.21%	4.83%	3.22%	2.89%
50	1.90%	4.32%	2.70%	2.36%

Disability Rates

As developed for the valuation of benefits under Oregon PERS. Sample rates are as follows:

<u>Age</u>	<u>Rate</u>
30	0.033%
35	0.050%
40	0.081%
45	0.133%
50	0.206%

Retirement Rates

Employees with fewer than 15 years of service are assumed to retire with rates as follows:

<u>Age</u>	<u>Tier 1/ Tier 2</u>	<u>OPSRP</u>
55	1.0%	1.0%
56	1.0%	1.0%
57	1.0%	1.5%
58	2.0%	1.5%
59	2.0%	2.5%
60	3.0%	4.0%
61	5.0%	4.0%
62	10.0%	7.0%
63	9.0%	6.0%
64	9.0%	6.0%
65	14.0%	12.0%
66	16.0%	18.0%
67	10.0%	12.0%
68	7.5%	10.0%
69	7.5%	10.0%
70	100.0%	100.0%

**THREE RIVERS SCHOOL DISTRICT
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**ACTUARIAL METHODS AND ASSUMPTIONS
 (Continued)**

Retirement Rates (continued)

Employees with between 15 and 30 years of service are assumed to retire with rates as follows:

<u>Age</u>	<u>Tier 1/Tier 2</u>	<u>OPSRP</u>
55	8.0%	5.0%
56	6.0%	4.0%
57	5.0%	3.0%
58	13.0%	3.0%
59	13.0%	3.0%
60	13.0%	3.75%
61	13.0%	5.0%
62	20.0%	12.0%
63	16.0%	10.0%
64	16.0%	10.0%
65	27.0%	40.0%
66	32.0%	33.0%
67	29.0%	22.0%
68	20.0%	17.0%
69	20.0%	17.0%
70	100.0%	100.0%

Employees with 30 or more years of service are assumed to retire with rates as follows:

<u>Age</u>	<u>Tier 1 or Tier 2</u>	<u>OPSRP</u>
50	27.0%	
51	27.0%	
52	40.0%	
53	40.0%	
54	35.0%	
55	30.0%	5.0%
56	25.0%	5.0%
57	25.0%	7.5%
58	25.0%	35.0%
59	25.0%	25.0%
60	20.0%	20.0%
61	20.0%	20.0%
62	30.0%	30.0%
63	20.0%	20.0%
64	20.0%	20.0%
65	28.0%	20.0%
66	20.0%	20.0%
67	20.0%	30.0%
68	20.0%	20.0%
69	20.0%	20.0%
70	100.0%	100.0%

**THREE RIVERS SCHOOL DISTRICT
EARLY RETIREMENT PROGRAM
REVISED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2009**



**ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)**

Participation	100% of future retirees are assumed to participate.														
Marital Status	80% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be three years older than their female spouses. Actual marital status and ages as of the valuation date are used for current retirees.														
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy.														
Age 65 Claims Costs	2009-10 annual claims costs for an age 64 retiree or spouse are assumed to be as follows: <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Administrative / Classified Plans</td> <td style="text-align: right;">\$16,065</td> </tr> <tr> <td style="padding-right: 20px;">Licensed Plans</td> <td style="text-align: right;">\$22,265</td> </tr> </table>	Administrative / Classified Plans	\$16,065	Licensed Plans	\$22,265										
Administrative / Classified Plans	\$16,065														
Licensed Plans	\$22,265														
Aging Factors	Aging factors are used to adjust the age 64 per capita claims cost for non-dental benefits. Percentages shown below age 64 reduce the claims cost. <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Attained Age</u></th> <th style="text-align: left;"><u>Factor</u></th> </tr> </thead> <tbody> <tr> <td>Under 40</td> <td>5.0% per year</td> </tr> <tr> <td>40-44</td> <td>4.5% per year</td> </tr> <tr> <td>45-49</td> <td>4.0% per year</td> </tr> <tr> <td>50-54</td> <td>3.3% per year</td> </tr> <tr> <td>55-59</td> <td>3.6% per year</td> </tr> <tr> <td>60-64</td> <td>4.2% per year</td> </tr> </tbody> </table> <p style="margin-left: 40px;">See Development of Per Capita Claims Costs for more details.</p>	<u>Attained Age</u>	<u>Factor</u>	Under 40	5.0% per year	40-44	4.5% per year	45-49	4.0% per year	50-54	3.3% per year	55-59	3.6% per year	60-64	4.2% per year
<u>Attained Age</u>	<u>Factor</u>														
Under 40	5.0% per year														
40-44	4.5% per year														
45-49	4.0% per year														
50-54	3.3% per year														
55-59	3.6% per year														
60-64	4.2% per year														
Miscellaneous Assumptions	The census data that we were given was as of January 1, 2010. We have assumed that the demographics of the active and retired populations as of July 1, 2009 were identical to those in the census data we received.														

**THREE RIVERS SCHOOL DISTRICT
EARLY RETIREMENT PROGRAM
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**ACTUARIAL METHODS AND ASSUMPTIONS
(Concluded)**

We have assumed that all retirees whose total period of pre-65 retirement exceeds the maximum duration of their District-paid premiums and stipend benefits will elect to receive these benefits at the beginning of their retirement period.

We have assumed that no post-retirement deaths are eligible for AD&D claims.

II. Measurement Date June 30.

III. Changes Since Prior Valuation Demographic rates were changed to reflect those used in the most recent valuation of Oregon PERS benefits.

**THREE RIVERS SCHOOL DISTRICT
EARLY RETIREMENT PROGRAM
REVISED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2009**



DESCRIPTION OF ACTUARIAL COST METHOD

Projected Unit Credit

The Projected Unit Credit Actuarial Cost Method has been used to determine contribution levels for the ERP. Contribution levels are comprised of two components:

Normal Cost
Amortization Payments

Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

The present value of benefits accrued in as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized over a period of 30 years as a level percent of payroll for stipend benefits, and over either 10 or 20 years (depending on employee classification) as a level percent of payroll for medical and life insurance benefits.