

LOS Gatos Union School District  
Board of Trustees Meeting  
January 20, 2015

2014 GASB 45 ACTUARIAL VALUATION

---

Martin Fregoso, Assistant Superintendent, Business Services/CBO

# Discussion Topics

---

Education Code Requirement, Other Post Employment Benefits (OPEB)

District OPEB

LGUSD 2014 GASB 45 Valuation

Additional Information & Conclusion

Questions

# Education Code Requirement

---

Since 2004 governmental agencies are required to report Other Post Employment Benefits(OPEB) liabilities and expenses

An actuarial valuation must be done every 2 years

LGUSD is on an even cycle, next report will be as of June 2016

# LGUSD - Other Post Employment Benefits(OPEB)

---

LGUSD maintains an early retiree program which pays part or all the health insurance premiums on behalf of retired employees provided employee has satisfied age and years of service requirements

- Must have at least 10 years of service in LGUSD
- Must be at least 55 years of age

Employees hired after June 30, 2010 are not eligible

LGUSD pays 100% of premiums for medical, dental and vision until employee is 65 years old

# LGUSD GASB 45 Valuation

---

District Contracted with North Bay Pensions to Prepare Valuation Report as of June 30, 2014

- Completed in January, 2015

Number of Eligible Employees/Retirees in Valuation

- Current – 180 (123 certificated, 57 classified/management)
- Retired – 29 (18 certificated, 11 classified/management)

Average age of active employees is 48.0 years

Average age of retired employees is 62.3 years

Medical Premiums assumed to increase by 4% - 6.5% per year in future years

# LGUSD GASB 45 Valuation

---

Cash expense on a pay as-you-go basis is projected to be;

- 2014-15 - \$307K
- 2015-16 - \$332K
- 2016-17 - \$343K
- 2017-18 - \$285K
- 2018-2024 - \$257K to \$335K per year

\$8.1 million - Present Value of Future OPEB liability

- This is the projected cost if the District wanted to fully fund the entire expense today

Current liability is lower by \$700K compared to last study

Yearly expense can vary depending on actual early retirees and health care inflation

# Additional Information & Conclusion

---

LGUSD continues to budget yearly on a pay as you go basis to meet projected OPEB obligations, included in multi-year projections

LGUSD currently has \$1.5 M in a irrevocable trust (SISC)

- The District should not access these funds until 2029-30

Expenses are projected to remain steady over the next 10 years

Questions?