

**Imperial Community College District  
Actuarial Study of  
Retiree Health Liabilities Under GASB 74/75  
Valuation Date: June 30, 2019  
Measurement Date: June 30, 2019**

*Prepared by:  
Total Compensation Systems, Inc.*

*Date: March 26, 2021*

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**Imperial Community College District**  
**Actuarial Study of Retiree Health Liabilities**

**PART I: EXECUTIVE SUMMARY**

**A. Introduction**

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paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.

Several assumptions were made in estimating costs and liabilities under Imperial CCD's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, Imperial CCD should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Imperial CCD to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

### **E. Certification**

The actuarial information in this report is intended solely to assist Imperial CCD in complying with Governmental Accounting Standards Board Accounting Statements 74 and 75 and, unless otherwise stated, fully and fairly discloses actuarial information required for compliance. Nothing in this report should be construed as an accounting opinion, accounting advice or legal advice. TCS recommends that third parties retain their own actuary







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*Retirement rates* determine what proportion of employees retire at each age (assuming employees re



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### Actuarial Present Value of Projected Benefit Payments at June 30, 2019

	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>
Active: Pre-65	\$15,041,600	\$558,288	\$7,265,022	\$6,510,335	\$707,955
Post-65	\$23,540,353	\$977,277	\$13,133,976	\$8,306,626	\$1,122,474
Subtotal	\$38,581,953	\$1,535,565	\$20,398,998	\$14,816,961	\$1,830,429
Retiree: Pre-65	\$2,401,134	\$149,270	\$273,200	\$1,757,908	\$220,756
Post-65	\$35,081,998	\$7,151,136	\$13,583,287	\$10,716,918	\$3,630,657
Subtotal	\$37,483,132	\$7,300,406	\$13,856,487	\$12,474,826	\$3,851,413
Grand Total	\$76,065,085	\$8,835,971	\$34,255,485	\$27,291,787	\$5,681,842
Subtotal Pre-65	\$17,442,734	\$707,558	\$7,538,222	\$8,268,243	\$928,711
Subtotal Post-65	\$58,622,351	\$8,128,413	\$26,717,263	\$19,023,544	\$4,753,131

The APVPBP should be accrued over the working lifetime of employees. At any time much of it has not been "earned" by employees. The APVPBP is used to develop expense and liability figures. To do so, the APVPBP is divided into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability).

The past service and future service liabilities are each accrued in a different way. We will start with the future service liability which is funded by the service cost.

### C. Cost to Prefund Retiree Benefits

#### 1. Service Cost

The average hire age for eligible employees is 35. To accrue the liability by retirement, the District would accrue the retiree liability over a period of about 25 years (assuming an average retirement age of 60). We applied an "entry age" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated service cost.

### Service Cost Year Beginning July 1, 2019

	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>
# of Employees	240	19	133	78	10
Per					

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**PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS**

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay, including any implicit rate subsidy. Because these cost estimates reflect average assumptions applied to a relatively small number of participants, estimates for individual years are certtain to be *in*accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs, including any implicit rate subsidy.

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<i>Year Beginning July 1</i>	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>
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**PART VI: APPENDICES**

**APPENDIX A: MATERIALS USED FOR THIS STUDY**

We relied on the following materials to complete this study.

We used paper reports and digital files containing participant demographic data from the District personnel records.

We used relevant sections of collective bargaining agreements provided by the District.



**APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS**

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation.

**APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS**

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District







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## APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

### ELIGIBLE ACTIVE EMPLOYEES

*Age*

*Total*

**APPENDIX E: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES**

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

**Paragraph 50:**            **Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by Imperial CCD. Following is information to help fulfill Paragraph 50 reporting requirements.

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Mortality Table	2014 CalPERS Retiree Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.
Mortality Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

### Retirement Tables

Retirement Table	2009 CalSTRS Retirement Rates
Disclosure	The retirement assumptions are based on the 2009 CalSTRS Retirement Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2009 CalPERS Retirement Rates for School Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS Retirement Rates for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

### Turnover Tables

Turnover Table	2009 CalSTRS Termination Rates
Disclosure	The turnover assumptions are based on the 2009 CalSTRS Termination Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.





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53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	\$77,708,341	\$67,543,958	\$59,409,130

**Paragraph 55:            Changes in the Net OPEB Liability**

Please see reconciliation on page 10.

**Paragraph 56:            Additional Net OPEB Liability Information**

The following information is intended to assist Imperial CCD to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2019.

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## APPENDIX F: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

### EXPERIENCE GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of  
Experience Gains and Losses  
(Measurement Periods)

Measurement Period	Experience (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2018	2019	Amounts to be Recognized in OPEB Expense after 2019	2020	2021	2022	2023	2024	Thereafter
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## INVESTMENT GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of  
Investment Gains and Losses  
(Measurement Periods)

Measurement Period	Investment (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2018	2019	Amounts to be Recognized in OPEB Expense after 2019	2020	2021	2022	2023	2024	Thereafter
Net Increase (Decrease) in OPEB Expense			\$0	(\$11,077)	(\$44,304)	(\$11,077)	(\$11,077)	(\$11,077)	(\$11,073)	\$0	\$0

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participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.

### Retirement Rate:

The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with th