

# Key Benefit Concepts, LLC



## Accounting and Sample Funding Report of Liabilities for Participants' Post Employment Benefits as of July 1, 2010

January 2011



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## Table of Contents

Background and Certification	Page 2
Introduction	Page 3
District OPEB Benefits	Page 3
Sick Leave Benefit	Page 5
Supplemental Pension (Stipend) Benefit	Page 6
Amortization Method	Page 6
District OPEB Liability	Page 6
District Stipend (Supplemental Pension) Liability	Page 7
Discussion of Valuation Methods and Assumptions	Page 7
Pay-As-You-Go	Page 8
OPEB Tables	
OPEB Technical Appendix	
Stipend Tables	
Stipend Technical Appendix	

## Background and Certification

The Government Accounting Standards Board (GASB) considers other post employment benefits, like pension benefits, as part of the compensation employees earn each year although they are not received until after employment ends. GASB has finalized Statement No. 27 (Accounting for Pensions by State and Local Government Employers), Statement No. 43 (Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans), Statement No. 45 (Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions) and Statement No. 50 (Pension Disclosures). These Statements establish standards for the measurement, recognition, and display of Other Post Employment Benefits (OPEB) expense/expenditures and pension expense/expenditures as well as other related liabilities.

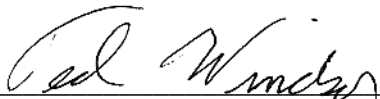
Key Benefit Concepts, LLC (KBC) is an independent actuarial and employee benefits consulting firm providing actuarial services to clients who sponsor qualified retirement and other post-employment benefits. We maintain no relationships with any client that might impair the objectivity of our work. This valuation and report were prepared by KBC based upon:

- Our understanding of GASB's current Statements
- The Summary of Benefits and Eligibility determined by the bargaining and other District agreements, as outlined herein
- The accuracy and completeness of information and data provided by the District.

The calculations of cost and liabilities illustrated were determined according to generally accepted actuarial principles and standards. Specific assumptions and actuarial methodology for the study are defined within the report. Given that actual experience may vary from the actuarial assumptions projected, developing liabilities and costs may differ from those estimated in this report. Furthermore, in the event of any inaccuracies in the information or data provided, upon which these calculations were based, revisions may be needed.

This report was prepared solely for the purposes of providing information required by GASB for the entity's financial reporting. KBC assumes neither responsibility nor any liability for use of this report for any other purposes.

Ted W. Windsor is an actuary meeting the qualifications of the American Academy of Actuaries required to provide the actuarial opinion detailed in this report.



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Ted W. Windsor, ASA, EA, MAAA

January 3, 2011

## Introduction

The actuarial present value of the other post employment benefit (OPEB) liabilities is the value of all benefits estimated to be payable to plan members discounted at the assumed discount interest rate back to the valuation date. The actuarial present value is comprised of:

- Benefits employees have already earned, and
- Benefits expected to be earned by employees in the future.

Presented in this report are the results of our study of the post employment benefits and the associated liabilities and costs. The study includes the following:

- Actuarial Accrued Liability (AAL): The portion of the actuarial present value of benefits allocated to all periods prior to the valuation date also known as the accrued benefit.
- Normal Cost (NC): The portion of the actuarial present value of benefits allocated to the valuation year.
- Unfunded Actuarial Accrued Liability (UAAL): The difference between the actuarial accrued liability and the actuarial value of assets. This amount may also be negative indicating the presence of a surplus of actuarial assets over actuarial accrued liabilities.
- Annual Required Contribution (ARC): The employer's annual contribution comprised of the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the valuation year.

## District OPEB Benefits

For the Middleton - Cross Plains Area School District (the "District"), the other post employment benefit liability consists of several interdependent pieces arising from the rules of the plan. These interdependent pieces are as follows:

1. The amounts paid by the school system for continued health care for all classifications that are entitled to a benefit are briefly outlined below. A full description of the eligibilities and benefits for eligible classifications can be found in the OPEB Technical Appendix.
  - a. Administrators: At least age 55 with a minimum of 5 years of service with the District; the District shall pay the full medical and dental premium amounts on behalf of the retiree for a duration not exceeding 10 years. For Administrators hired after January 1, 2004; the District's contributions shall be limited to a period of 8 years.

- b. Supervisory Personnel: At least age 55 with a minimum of 10 years of service with the District; the District shall contribute towards a retiree's medical and dental premiums for a duration not exceeding 8 years. The amount of the District's contributions shall be capped at the premium rate in effect at the time of retirement. For Supervisors hired after January 1, 2006; the District's contributions shall be limited to a period of 6 years.
- c. Teachers: At least age 55 with a minimum of 15 years of service with the District; the District shall contribute towards a retiree's medical premiums for a duration not exceeding 8 years, Medicare-eligibility or death, whichever should occur first. The amount of the District's contributions shall be equivalent to the full-required premiums for the lowest cost medical plan.
- d. Custodial & Maintenance: At least age 55 with a minimum of 15 years of service with the District; the District shall contribute towards a retiree's medical premiums for up to 5 years. The amount of the District's monthly contributions is based upon the retiree's years of service.
- e. Food Service: At least age 57 with a minimum of 15 years of service with the District; the District shall contribute towards a retiree's medical premiums for up to 5 years. The amount of the District's monthly contributions is based upon the retiree's years of service.
- f. Education Staff Association (MESA): At least age 57 with a minimum of 15 years of service with the District; the District shall contribute towards a retiree's medical premiums for up to 5 years. The amount of the District's monthly contributions is based upon the retiree's years of service. For those hired after February 1, 2005; the District's contributions shall be limited to a period of 2 years.
- g. Professional Services Support Personnel (PSSP): At least age 57 with a minimum of 15 years of service with the District; the District shall contribute towards a retiree's medical premiums for up to 5 years. The amount of the District's monthly contributions is based upon the retiree's years of service. For those hired after January 1, 2005; the District's contributions shall be limited to a period of 2 years.
- h. Union Clerical: At least age 55 with a minimum of 15 years of service with the District; the District shall contribute towards a retiree's medical premiums for up to 5 years. The amount of the District's monthly contributions is based upon the retiree's years of service.
- i. Transportation: At least age 57 with a minimum of 15 years of service with the District; the District shall contribute towards a retiree's medical premiums for up to 5 years. The amount of the District's monthly contributions is based upon the retiree's years of service. For those hired after February 1, 2005; the District's contributions shall be limited to a period of 2 years.

2. In a standard OPEB valuation, the GASB guidelines require that the OPEB benefit to be based upon the *value* of the health care benefit. Thus, when the benefits are insured, the value above the premium cost of benefits must be determined. This applies to all classifications and arises from the value of benefits in excess of the payments made by the District during the guaranteed period. This amount is determined and incorporated in the determined liability of the medical care benefit.

In addition, since GASB guidelines require the OPEB benefit to be based upon the *value* of the medical care benefit, when an individual self-pays 100% of the premium cost, the valuation also includes the difference between the premium cost and the value cost of the benefit. This is known as the Implicit Rate Subsidy.

Implicit Rate Subsidy exists when an employer's retirees and current employees are covered together as a group wherein the premium rate or premium equivalent rate paid by the retirees may be lower than they would be if the retirees were rated separately. The final GASB Statements declare that even if the retirees pay 100% of the premium, without a contribution from the employer, the employer is required to treat the implicit rate subsidy as an other post employment benefit (OPEB) liability. This is a reversal of GASB's initial opinion.

Note that the implicit rate subsidy is only applied when retirees are enrolled in the District's medical plans. It is not applied, however, when retirees participate in the District's dental plan. Furthermore, when an individual becomes Medicare-eligible, their premium rates are adjusted, such that these adjusted rates represent the expected cost of coverage, and no implicit rate subsidy is calculated.

The census provided by the District included a total 208 active employees that are currently not participating in the District's group medical plan (143 are waiving coverage whereas 65 are not eligible). For these 208 employees, it was assumed that throughout the remainder of their employment with and retirement from the District, they will continue not to participate in the District's group medical plan. Thus, no OPEB liability resulting from medical coverage was calculated on behalf of these 208 active employees. Similarly, no OPEB liability was calculated on behalf of the one retired Teacher not participating in the medical plan.

### **Sick Leave Benefit**

The District also provides a sick leave benefit to eligible retirees. Unused sick leave is converted at a specified dollar amount, based upon classification, and paid out upon retirement.

According to current GASB regulations, when sick days are converted into a dollar amount they are regarded as a termination payment and should currently be accounted for under GASB Statement 16 as a compensated absence. The sick leave benefit in this form was not valued nor was it included in this valuation.

### **Supplemental Pension (Stipend) Benefit**

In addition to the aforementioned benefits, the District will also provide those classified as Administrators, Supervisors and Teachers with a stipend benefit upon their retirement. For Administrators, their stipend benefit is based upon a percentage of their salary and will be paid out for 3 years. As for Teachers and Supervisors, they will also receive a stipend for a period of 3 years; however, the annual amount of this stipend is \$10,000

Since retirees receive a pension benefit from the Wisconsin Retirement System (WRS), these post employment pension benefits (stipend benefit) are supplemental to the WRS benefit and therefore, we refer to them as a supplemental pension benefit.

According to current GASB regulations, any such form of cash payments, whether it be a stipend, contributions to a TSA, severance payment or any other type of cash-related benefits (other than sick leave) are considered a supplemental pension and should be accounted for as such under GASB Statement 27 as updated and amended in GASB Statement 50.

The actuarial value of the stipend (supplemental pension) benefit for current and future retirees eligible for a stipend benefit has been calculated and provided as separate tables.

### **Amortization Method**

The current guidelines allow two amortization methods:

Level Dollar Amortization Method – The amount to be amortized is divided into equal dollar amounts to be paid over a given number of years; part of each payment is interest and part is principle (similar to a mortgage payment on a building). Since payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of the payroll over time.

Percentage of Projected Payroll Amortization Method – Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan participants over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; however the payments as a percentage of the total payroll can be expected to remain level.

Note: The OPEB and Stipend Tables are based upon a 30-year amortization period.

### **District OPEB Liability**

Based upon the actuarial assumptions and projections described herein as determined by the census, benefit and premium data provided by the District, the post employment medical and dental liabilities as of July 1, 2010 are as follows:

<b>Other Post Employment Liability</b>		
	Level \$ Amortization	Level % Amortization
1 Normal Cost with interest to end of year	\$ 1,432,451	\$ 1,432,451
2 Unfunded Actuarial Accrued Liability (UAAL)	\$ 18,790,631	\$ 18,790,631
3 30-yr. Amortization of UAAL	\$ 1,292,897	\$ 889,078
4 Annual Required Contribution (ARC)	\$ 2,725,347	\$ 2,321,529

Detailed calculations for the above results can be found in the OPEB Tables C and D.

### **District Stipend (Supplemental Pension) Liability**

Based upon actuarial assumptions and projections described herein as determined by the census and benefit data provided by the District, the total post employment stipend liabilities as of July 1, 2010 are as follows:

<b>Supplemental Pension Liability</b>		
	Level \$ Amortization	Level % Amortization
1 Normal Cost with interest to end of year	\$ 322,650	\$ 322,650
2 Unfunded Actuarial Accrued Liability (UAAL)	\$ 4,394,247	\$ 4,394,247
3 30-yr. Amortization of UAAL	\$ 285,852	\$ 194,635
4 Annual Supplemental Pension Cost	\$ 608,502	\$ 517,285

Detailed calculations for the above results can be found in the Stipend Tables C and D.

### **Discussion of Valuation Methods and Assumptions**

The valuation was based upon the data provided by the District. In performing this study we utilized the premium rate history of the District's medical and dental plans, and projected a stream of expected premium rates for each year in the future based on the data as of July 1, 2010 as well as the trends used in the District's prior valuation. As such, the first year (fiscal year 2010-2011) trends and expected future costs were derived from historical premium rates for actives and retirees.

Trend and retirement age are the most sensitive assumptions. Changes in these assumptions have the largest impact on the amount of liabilities.

All of the demographic assumptions used for this report (i.e. other than trend, salary, payroll growth, expected discount rate, percent electing coverage and percent electing family coverage) are approximately the same as those used in the December 31, 2009 Wisconsin Retirement System annual report. The assumptions are shown in the technical appendices.

This is a subsequent valuation of the District's post-employment liabilities. Since the prior study, the District has not only established a Trust but has partially-funded its post-employment OPEB liability. As such, the Trust balance as of the valuation date was incorporated in this study to offset the District's unfunded actuarial accrued OPEB liability.

A discount rate of 5½% (as the expected long-term yield on the trust) was used in this valuation in calculating the OPEB liabilities. Furthermore, it was assumed that the District would continue to fund its OPEB liabilities in the same manner it has over the past few years.

In calculating the District's stipend liabilities, however, a discount rate of 5% (as the expected long-term yield on general assets) was used. Unlike the OPEB, the District has not established a trust to fund these liabilities. Rather, the District has continued to fund its retiree stipend payments out of its general fund assets on a pay-as-you-go basis.

Should the District choose to fully-fund its post-employment liabilities, then a higher discount rate may be more appropriate.

### **Pay-As-You-Go**

GASB requires all public entities to identify and include their post-employment liability in their financial statements. However, at this time GASB does not require any public entity to fund this liability. Since many districts currently provide for post-employment benefits on a pay-as-you-go basis, we have included OPEB Table I. This table illustrates, based upon the assumptions used in this valuation, the District's annual liability for retiree medical and dental benefits on a pay-as-you-go basis.

The projections illustrated in OPEB Table I are for illustrative purposes and pertain only to the liabilities incurred from those active and retired employees of the District as of July 1, 2010. In other words, it is based upon a closed valuation, such that no new hires are assumed to replace those future retirees. The likelihood of actual costs equaling the stated projections decreases for each year projecting further into the future. Also note that the District's expected premium payments differ from the District's GASB OPEB value. This difference is attributed to the implicit rate subsidy as well as actual retirement rates versus the assumptions used in this study.

A similar table to illustrate the projected stipend payments, Stipend Table I, has also been provided.

# OPEB Tables

OPEB Table A

Middleton-Cross Plains Area School District  
Active Employees as of July 1, 2010

*Years of Service in the Middleton-Cross Plains Area School District*

Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 or more	Total
Under 20	-	-	-	-	-	-	-	-	-
20 - 24	-	-	-	-	-	-	-	-	-
25 - 29	20	14	-	-	-	-	-	-	34
30 - 34	61	62	13	2	-	-	-	-	138
35 - 39	83	18	36	13	-	-	-	-	150
40 - 44	35	36	27	17	8	1	-	-	124
45 - 49	28	29	30	22	16	5	-	-	130
50 - 54	14	33	37	19	13	9	1	-	126
55 - 59	15	45	23	20	14	4	7	2	130
60 - 64	6	17	14	9	9	2	5	3	65
65 and over	4	7	5	2	1	-	1	1	21
Total	266	261	185	104	61	21	14	6	<b>918</b>

**Averages:**

**Age: 45.5**

**Service: 9.6**

OPEB Table B

Middleton-Cross Plains Area School District  
Members by Medical Coverage as of July 1, 2010

**Medical Plan Enrollment**

	<b>Actives</b>					<b>Retirees</b>			
	Single	Family	Waived	No Coverage	Total	Single	Family	No Coverage	Total
<i>Administrators</i>	-	21	1	-	22	1	7	-	8
<i>Teachers</i>	94	365	79	5	543	13	51	1	65
<i>Supervisors</i>	2	13	3	-	18	-	2	-	2
<i>Para-Professionals</i>	13	80	19	13	125	4	5	-	9
<i>Clerical</i>	2	27	3	1	33	4	2	-	6
<i>Custodians</i>	7	35	6	-	48	2	1	-	3
<i>Food Service</i>	2	15	9	21	47	1	2	-	3
<i>PSSP</i>	3	22	5	5	35	-	-	-	-
<i>Transportation</i>	4	5	18	20	47	-	-	-	-
<b>Totals</b>	127	583	143	65	<b>918</b>	25	70	1	<b>96</b>

**Notes:**

1- No OPEB liability was calculated for those listed under 'Waived' and 'No Coverage'.

2- The additional liability resulting from dental coverage was calculated for those classified as Administrators and Supervisors.

OPEB Table C

Middleton-Cross Plains Area School District  
 Determination of Normal Cost, Actuarial Accrued Liability  
 and Unfunded Actuarial Accrued Liability (UAAL) as of 7/1/2010

**Total Incurred OPEB Liability**

	<i>Administrators</i>	<i>Teachers</i>	<i>Supervisors</i>	<i>Para- Professionals</i>	<i>Clerical</i>	<i>Custodians</i>	<i>Food Service</i>	<i>PSSP</i>	<i>Transportation</i>	<i>Total</i>
<b>1. Normal cost as of 7/1/2010</b>										
<b>a.</b> Future retiree value of OPEB	\$156,769	\$1,041,135	\$77,525	\$200,810	\$85,292	\$129,570	\$40,205	\$50,351	\$21,764	\$1,803,421
<b>b.</b> Future retiree paid portion of premiums	0	39,959	8,214	155,948	64,803	91,180	31,232	38,292	16,020	445,648
<b>c.</b> Total normal cost [#1a - #1b]	156,769	1,001,176	69,311	44,862	20,489	38,390	8,973	12,059	5,744	1,357,773
<b>2. Actuarial accrued liability as of 7/1/2010</b>										
<b>a.</b> Current retiree value of OPEB	762,192	4,243,345	221,597	452,599	260,553	125,504	173,989	0	0	6,239,779
<b>b.</b> Current retiree paid portion of premiums	0	247,364	47,577	294,152	158,085	86,646	110,147	0	0	943,971
<b>c.</b> Future retiree value of OPEB	1,600,103	12,693,972	679,121	2,157,389	972,474	1,638,039	403,675	550,834	361,489	21,057,096
<b>d.</b> Future retiree paid portion of premiums	0	484,306	77,417	1,655,770	722,270	1,124,840	312,226	414,439	254,287	5,045,555
<b>e.</b> Total actuarial accrued liability [(#2a - #2b)+ (#2c - #2d)]	2,362,295	16,205,647	775,724	660,066	352,672	552,057	155,291	136,395	107,202	21,307,349
<b>3. Actuarial value of assets</b>	279,022	1,914,132	91,625	77,964	41,656	65,206	18,342	16,110	12,661	2,516,718
<b>4. Unfunded actuarial accrued liability [#2e - #3]</b>	\$2,083,273	\$14,291,515	\$684,099	\$582,102	\$311,016	\$486,851	\$136,949	\$120,285	\$94,541	\$18,790,631

OPEB Table D - Level % Amortization

Middleton-Cross Plains Area School District  
 Determination of 2010 - 2011 Fiscal Year Annual Required Contribution (ARC)

**Total Incurred OPEB Liability**

	<i>Administrators</i>	<i>Teachers</i>	<i>Supervisors</i>	<i>Para- Professionals</i>	<i>Clerical</i>	<i>Custodians</i>	<i>Food Service</i>	<i>PSSP</i>	<i>Transportation</i>	<i>Total</i>
<b>1. Normal cost</b>										
<b>a. Beginning of year</b>	\$156,769	\$1,001,176	\$69,311	\$44,862	\$20,489	\$38,390	\$8,973	\$12,059	\$5,744	\$1,357,773
<b>b. With interest to end of year</b>	165,391	1,056,241	73,123	47,329	21,616	40,501	9,467	12,722	6,060	1,432,451
<b>2. Expected payroll for 2010-2011 fiscal year</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>3. Unfunded actuarial accrued liability</b>	2,083,273	14,291,515	684,099	582,102	311,016	486,851	136,949	120,285	94,541	18,790,631
<b>4. 30 year amortization of UAAL as a level percentage of payroll method</b>										
<b>a. Dollars</b>	98,570	676,203	32,368	27,542	14,716	23,035	6,480	5,691	4,473	889,078
<b>b. Percent of payroll</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>5. Annual required contribution (ARC)</b>										
<b>a. Normal cost</b>	165,391	1,056,241	73,123	47,329	21,616	40,501	9,467	12,722	6,060	1,432,451
<b>b. Amortization</b>	98,570	676,203	32,368	27,542	14,716	23,035	6,480	5,691	4,473	889,078
<b>c. Total contribution [a + b]</b>	\$263,961	\$1,732,443	\$105,491	\$74,872	\$36,332	\$63,537	\$15,946	\$18,414	\$10,533	\$2,321,529

OPEB Table D - Level \$ Amortization

Middleton-Cross Plains Area School District  
 Determination of 2010 - 2011 Fiscal Year Annual Required Contribution (ARC)

**Total Incurred OPEB Liability**

	<i>Administrators</i>	<i>Teachers</i>	<i>Supervisors</i>	<i>Para- Professionals</i>	<i>Clerical</i>	<i>Custodians</i>	<i>Food Service</i>	<i>PSSP</i>	<i>Transportation</i>	<i>Total</i>
<b>1. Normal cost</b>										
<b>a.</b> Beginning of year	\$156,769	\$1,001,176	\$69,311	\$44,862	\$20,489	\$38,390	\$8,973	\$12,059	\$5,744	\$1,357,773
<b>b.</b> With interest to end of year	165,391	1,056,241	73,123	47,329	21,616	40,501	9,467	12,722	6,060	1,432,451
<b>2. Expected payroll for 2010-2011 fiscal year</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>3. Unfunded actuarial accrued liability</b>	2,083,273	14,291,515	684,099	582,102	311,016	486,851	136,949	120,285	94,541	18,790,631
<b>4. 30 year amortization of UAAL as a level dollar method</b>										
<b>a.</b> Dollars	143,340	983,333	47,070	40,052	21,400	33,498	9,423	8,276	6,505	1,292,897
<b>b.</b> Percent of payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>5. Annual required contribution (ARC)</b>										
<b>a.</b> Normal cost	165,391	1,056,241	73,123	47,329	21,616	40,501	9,467	12,722	6,060	1,432,451
<b>b.</b> Amortization	143,340	983,333	47,070	40,052	21,400	33,498	9,423	8,276	6,505	1,292,897
<b>c.</b> Total contribution [a + b]	\$308,732	\$2,039,574	\$120,193	\$87,381	\$43,015	\$73,999	\$18,889	\$20,999	\$12,565	\$2,725,347

OPEB Table E - Level % Amortization

Middleton-Cross Plains Area School District

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending June 30, 2011

	<u>Total</u>
Annual required contribution (ARC)	\$2,321,529
Interest on net OPEB obligation	45,092
Adjustment to annual required contribution	(38,792)
Annual OPEB cost (expense)	\$2,327,830
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$819,860
Net OPEB obligation - end of year	TBD

History of OPEB Cost, Percentage Of Annual Contribution and Net OPEB Obligation

Valuation Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$2,327,830	TBD	TBD

OPEB Table E - Level \$ Amortization

Middleton-Cross Plains Area School District

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending June 30, 2011

	<u>Total</u>
Annual required contribution (ARC)	\$2,725,347
Interest on net OPEB obligation	45,092
Adjustment to annual required contribution	(56,411)
Annual OPEB cost (expense)	\$2,714,029
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$819,860
Net OPEB obligation - end of year	TBD

History of OPEB Cost, Percentage Of Annual Contribution and Net OPEB Obligation

Valuation Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$2,714,029	TBD	TBD

OPEB Table F

Middleton-Cross Plains Area School District  
 Required Supplementary Information  
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a) / c)
7/1/2010	\$2,516,718	\$21,307,349	\$18,790,631	11.81%	TBD	TBD

OPEB Table G

Middleton-Cross Plains Area School District  
Significant Methods and Assumptions

Actuarial valuation date	7/1/2010
Actuarial cost method	Unit credit
Amortization method	30 year open level dollar & percentage of payroll
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial Assumptions	
Investment rate of return *	5.50%
Projected payroll increases (for level amortization of pay only)	3.00%
Medical care trend*	10.00% decreasing by 1.00% per year down to 5.00%
Dental care trend*	Level at 4.00%

\* Implicit in this rate is an assumed rate of inflation of 4.00%

OPEB Table H - Level % Amortization

Middleton-Cross Plains Area School District  
 Historical Development of Annual Net OPEB Obligation

***Total Incurred OPEB Liabilities***

Valuation Year Ending	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amort. Factor	OPEB Cost	Contribution	Change in Net OPEB Obligation	Net OPEB Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6/30/2011	\$2,321,529	45,092	(38,792)	21.13	\$2,327,830	TBD	TBD	TBD

OPEB Table H - Level \$ Amortization

Middleton-Cross Plains Area School District  
 Historical Development of Annual Net OPEB Obligation

**Total Incurred OPEB Liabilities**

Valuation Year Ending	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amort. Factor	OPEB Cost	Contribution	Change in Net OPEB Obligation	Net OPEB Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6/30/2011	\$2,725,347	45,092	(56,411)	14.53	\$2,714,029	TBD	TBD	TBD

OPEB Table I

Middleton-Cross Plains Area School District  
 Pay As You Go  
 Projection of Medical & Dental Benefits (30 Year Projection)

A	B	C	D	E	F	G
Fiscal Year Beginning	Expected Total Premiums	District's Premium Contribution	Total OPEB Value	District's OPEB Liability	Implicit Rate Subsidy	Cost → Value
2010	\$1,386,754	\$1,081,753	\$1,833,384	\$1,528,383	\$446,630	1.3221
2011	\$1,518,029	\$1,132,212	\$2,008,999	\$1,623,182	\$490,970	1.3234
2012	\$1,626,257	\$1,185,898	\$2,172,151	\$1,731,792	\$545,894	1.3357
2013	\$1,727,669	\$1,220,694	\$2,274,874	\$1,767,899	\$547,205	1.3167
2014	\$1,811,473	\$1,198,163	\$2,331,798	\$1,718,488	\$520,325	1.2872
2015	\$1,690,415	\$1,208,379	\$2,204,495	\$1,722,459	\$514,080	
2016	\$1,810,224	\$1,309,445	\$2,375,715	\$1,874,936	\$565,491	
2017	\$2,000,628	\$1,424,134	\$2,595,042	\$2,018,548	\$594,414	
2018	\$2,059,932	\$1,365,695	\$2,624,178	\$1,929,941	\$564,246	
2019	\$2,241,421	\$1,500,363	\$2,842,004	\$2,100,946	\$600,583	
2020	\$2,409,368	\$1,570,989	\$3,075,532	\$2,237,153	\$666,164	
2021	\$2,471,462	\$1,592,334	\$3,166,333	\$2,287,205	\$694,871	
2022	\$2,626,256	\$1,676,764	\$3,356,923	\$2,407,431	\$730,667	
2023	\$2,707,406	\$1,756,038	\$3,500,412	\$2,549,044	\$793,006	
2024	\$2,710,014	\$1,784,246	\$3,532,234	\$2,606,466	\$822,220	
2025	\$2,638,396	\$1,806,234	\$3,462,475	\$2,630,313	\$824,079	
2026	\$2,619,300	\$1,767,720	\$3,414,374	\$2,562,794	\$795,074	
2027	\$2,659,865	\$1,785,603	\$3,480,282	\$2,606,020	\$820,417	
2028	\$2,677,862	\$1,844,959	\$3,495,836	\$2,662,933	\$817,974	
2029	\$2,790,122	\$1,885,427	\$3,628,770	\$2,724,075	\$838,648	
2030	\$2,980,954	\$2,000,536	\$3,877,596	\$2,897,178	\$896,642	
2031	\$3,294,397	\$2,297,178	\$4,260,660	\$3,263,441	\$966,263	
2032	\$3,602,056	\$2,558,722	\$4,684,040	\$3,640,706	\$1,081,984	
2033	\$3,907,643	\$2,847,205	\$5,109,034	\$4,048,596	\$1,201,391	
2034	\$4,226,533	\$3,163,552	\$5,524,158	\$4,461,177	\$1,297,625	
2035	\$4,563,055	\$3,436,512	\$6,007,634	\$4,881,091	\$1,444,579	
2036	\$4,800,268	\$3,605,053	\$6,349,622	\$5,154,407	\$1,549,354	
2037	\$5,027,592	\$3,775,910	\$6,703,612	\$5,451,930	\$1,676,020	
2038	\$4,862,868	\$3,696,487	\$6,546,656	\$5,380,275	\$1,683,788	
2039	\$4,477,078	\$3,459,067	\$6,062,899	\$5,044,888	\$1,585,821	

**When Funding the Trust:** Pay-As-You-Go amount plus Implicit Rate Subsidy: Multiply factor in column **G** times Pay-As-You-Go amount, the result is the amount to be paid to Fund Trust. The difference between the two amounts is the Implicit Rate Subsidy.

# OPEB Technical Appendix

**Middleton - Cross Plains Area School District**  
Post Employment Benefit Summary

**Administrator**

Eligibility	OPEB								
<p>At least age 55 with a minimum of 5 years of service</p>	<p><b><i>Hired Prior to January 1, 2004</i></b></p> <p><u>Medical &amp; Dental Insurance</u>: The District shall contribute pay the full amount of a retiree's medical and dental premiums for a duration not to exceed 10 years. If the retiree should become Medicare-eligible prior to the exhaustion of their benefit, the District will coordinate with the retiree's Medicare plan.</p> <p>In the event of the retiree's death, the surviving spouse may remain on the District's group plans provided that the required premiums are paid.</p>								
	<p><b><i>Hired After January 1, 2004</i></b></p> <p><u>Medical &amp; Dental Insurance</u>: The District shall contribute pay the full amount of a retiree's medical and dental premiums for a duration not to exceed 8 years. If the retiree should become Medicare-eligible prior to the exhaustion of their benefit, the District will coordinate with the retiree's Medicare plan.</p>								
	<p><b>Non-OPEB</b></p> <p><u>Stipend</u>: The District shall provide the retiree with an annual stipend for the initial 3 years of retirement. The annual amount of the stipend is based upon the retiree's highest annual salary multiplied by a factor as determined below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><i>Years of Service</i></th> <th style="text-align: center;"><i>Percentage Factor</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">5-9 years</td> <td style="text-align: center;">8%</td> </tr> <tr> <td style="text-align: center;">10-14 years</td> <td style="text-align: center;">12%</td> </tr> <tr> <td style="text-align: center;">15 or more years</td> <td style="text-align: center;">15%</td> </tr> </tbody> </table> <p>In the event of the retiree's death prior to the exhaustion of this benefit, the surviving spouse will receive the remaining amount in a lump sum.</p>	<i>Years of Service</i>	<i>Percentage Factor</i>	5-9 years	8%	10-14 years	12%	15 or more years	15%
<i>Years of Service</i>	<i>Percentage Factor</i>								
5-9 years	8%								
10-14 years	12%								
15 or more years	15%								

***Supervisory Personnel***

Eligibility	OPEB
<p>At least age 55 with a minimum of 10 years of service</p>	<p style="text-align: center;"><b><i>Hired Prior to January 1, 2006</i></b></p> <p><u>Medical &amp; Dental Insurance:</u> The District shall contribute towards a retiree’s medical and dental premiums for a duration not to exceed 8 years. The amount of the District’s contributions shall be capped at the premium rate in effect at the time of retirement.</p> <p>If the retiree should become Medicare-eligible prior to the exhaustion of their benefit, the District will coordinate with the retiree’s Medicare plan.</p> <p>In the event of the retiree’s death, the surviving spouse may remain on the District’s group plans provided that the required premiums are paid.</p> <p style="text-align: center;"><b><i>Hired After January 1, 2006</i></b></p> <p><u>Medical &amp; Dental Insurance:</u> The District shall contribute towards a retiree’s medical and dental premiums, as stated above, for a duration not to exceed 6 years.</p>
	<p><b>Non-OPEB</b></p>
	<p><u>Stipend:</u> The District shall provide the retiree with an annual stipend of \$10,000 for the initial 3 years of retirement or until death of the retiree, whichever should come first.</p>

***Teachers***

Eligibility	OPEB
<p>At least age 55 with a minimum of 15 years of service</p>	<p><u>Medical Insurance:</u> The District shall contribute towards a retiree’s medical premiums for a duration not to exceed 8 years, Medicare-eligibility or death, whichever should occur first. The amount of the District’s contributions shall be equivalent to the full-required premiums for the lowest cost medical plan.</p>
	<p><b>Non-OPEB</b></p>
	<p><u>Stipend:</u> The District shall provide the retiree with an annual stipend of \$10,000 for the initial 3 years of retirement or until death of the retiree, whichever should come first.</p>

**Note:** Teachers may choose to delay their benefit for up to a 5-year period.

***Custodial & Maintenance***

Eligibility	OPEB								
At least age 55 with a minimum of 15 years of service	<p data-bbox="488 296 1352 363"><u>Medical Insurance:</u> The District shall contribute towards a retiree's medical premiums for up to 5 years.</p> <table border="1" data-bbox="638 394 1245 583"> <thead> <tr> <th data-bbox="638 394 935 443"><i>Years of Service</i></th> <th data-bbox="935 394 1245 443"><i>Monthly Contribution</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="638 443 935 491">15-19 years</td> <td data-bbox="935 443 1245 491">\$175</td> </tr> <tr> <td data-bbox="638 491 935 539">20-24 years</td> <td data-bbox="935 491 1245 539">\$200</td> </tr> <tr> <td data-bbox="638 539 935 583">25 or more years</td> <td data-bbox="935 539 1245 583">\$225</td> </tr> </tbody> </table> <p data-bbox="488 617 1370 684">The amount of the District's monthly contributions is based upon the retiree's years of service as noted in the table above.</p>	<i>Years of Service</i>	<i>Monthly Contribution</i>	15-19 years	\$175	20-24 years	\$200	25 or more years	\$225
<i>Years of Service</i>	<i>Monthly Contribution</i>								
15-19 years	\$175								
20-24 years	\$200								
25 or more years	\$225								

***Food Service***

Eligibility	OPEB								
At least age 57 with a minimum of 15 years of service	<p data-bbox="488 869 1352 936"><u>Medical Insurance:</u> The District shall contribute towards a retiree's medical premiums for up to 5 years.</p> <table border="1" data-bbox="638 968 1245 1157"> <thead> <tr> <th data-bbox="638 968 935 1016"><i>Years of Service</i></th> <th data-bbox="935 968 1245 1016"><i>Monthly Contribution</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="638 1016 935 1064">15-19 years</td> <td data-bbox="935 1016 1245 1064">\$175</td> </tr> <tr> <td data-bbox="638 1064 935 1113">20-24 years</td> <td data-bbox="935 1064 1245 1113">\$200</td> </tr> <tr> <td data-bbox="638 1113 935 1157">25 or more years</td> <td data-bbox="935 1113 1245 1157">\$225</td> </tr> </tbody> </table> <p data-bbox="488 1190 1370 1257">The amount of the District's monthly contributions is based upon the retiree's years of service as noted in the table above.</p>	<i>Years of Service</i>	<i>Monthly Contribution</i>	15-19 years	\$175	20-24 years	\$200	25 or more years	\$225
<i>Years of Service</i>	<i>Monthly Contribution</i>								
15-19 years	\$175								
20-24 years	\$200								
25 or more years	\$225								

***Union Clerical***

Eligibility	OPEB								
At least age 55 with a minimum of 15 years of service	<p data-bbox="488 1444 1352 1512"><u>Medical Insurance:</u> The District shall contribute towards a retiree's medical premiums for up to 5 years.</p> <table border="1" data-bbox="638 1543 1245 1732"> <thead> <tr> <th data-bbox="638 1543 935 1591"><i>Years of Service</i></th> <th data-bbox="935 1543 1245 1591"><i>Monthly Contribution</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="638 1591 935 1640">15-19 years</td> <td data-bbox="935 1591 1245 1640">\$175</td> </tr> <tr> <td data-bbox="638 1640 935 1688">20-24 years</td> <td data-bbox="935 1640 1245 1688">\$200</td> </tr> <tr> <td data-bbox="638 1688 935 1732">25 or more years</td> <td data-bbox="935 1688 1245 1732">\$225</td> </tr> </tbody> </table> <p data-bbox="488 1766 1370 1833">The amount of the District's monthly contributions is based upon the retiree's years of service as noted in the table above.</p>	<i>Years of Service</i>	<i>Monthly Contribution</i>	15-19 years	\$175	20-24 years	\$200	25 or more years	\$225
<i>Years of Service</i>	<i>Monthly Contribution</i>								
15-19 years	\$175								
20-24 years	\$200								
25 or more years	\$225								

**Middleton Education Staff Association (MESA)**

Eligibility	OPEB								
<p>At least age 57 with a minimum of 15 years of service</p>	<p style="text-align: center;"><b>Hired Prior to February 1, 2005</b></p> <p><u>Medical Insurance:</u> The District shall contribute towards a retiree's medical premiums for up to 5 years. The amount of the District's monthly contributions is based upon the retiree's years of service in the following manner:</p> <table border="1" data-bbox="638 527 1247 716" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th><i>Years of Service</i></th> <th><i>Monthly Contribution</i></th> </tr> </thead> <tbody> <tr> <td>15-19 years</td> <td>\$175</td> </tr> <tr> <td>20-24 years</td> <td>\$200</td> </tr> <tr> <td>25 or more years</td> <td>\$225</td> </tr> </tbody> </table> <p style="text-align: center;"><b>Hired After February 1, 2005</b></p> <p><u>Medical Insurance:</u> The District shall contribute towards a retiree's medical premiums for up to 2 years. The amount of the District's monthly contributions is equivalent to that stated above.</p>	<i>Years of Service</i>	<i>Monthly Contribution</i>	15-19 years	\$175	20-24 years	\$200	25 or more years	\$225
<i>Years of Service</i>	<i>Monthly Contribution</i>								
15-19 years	\$175								
20-24 years	\$200								
25 or more years	\$225								

**Professional Services Support Personnel (PSSP)**

Eligibility	OPEB								
<p>At least age 57 with a minimum of 15 years of service</p>	<p style="text-align: center;"><b>Hired Prior to January 1, 2005</b></p> <p><u>Medical Insurance:</u> The District shall contribute towards a retiree's medical premiums for up to 5 years. The amount of the District's monthly contributions is based upon the retiree's years of service in the following manner:</p> <table border="1" data-bbox="638 1463 1247 1652" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th><i>Years of Service</i></th> <th><i>Monthly Contribution</i></th> </tr> </thead> <tbody> <tr> <td>15-19 years</td> <td>\$175</td> </tr> <tr> <td>20-24 years</td> <td>\$200</td> </tr> <tr> <td>25 or more years</td> <td>\$225</td> </tr> </tbody> </table> <p style="text-align: center;"><b>Hired After January 1, 2005</b></p> <p><u>Medical Insurance:</u> The District shall contribute towards a retiree's medical premiums for up to 2 years. The amount of the District's monthly contributions is equivalent to that stated above.</p>	<i>Years of Service</i>	<i>Monthly Contribution</i>	15-19 years	\$175	20-24 years	\$200	25 or more years	\$225
<i>Years of Service</i>	<i>Monthly Contribution</i>								
15-19 years	\$175								
20-24 years	\$200								
25 or more years	\$225								

**Transportation**

Eligibility	OPEB								
<p>At least age 55 with a minimum of 15 years of service</p>	<p style="text-align: center;"><b>Hired Prior to February 1, 2005</b></p> <p><u>Medical Insurance</u>: The District shall contribute towards a retiree's medical premiums for up to 5 years. The amount of the District's monthly contributions is based upon the retiree's years of service in the following manner:</p> <table border="1" data-bbox="638 531 1247 716" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><i>Years of Service</i></th> <th style="text-align: center;"><i>Monthly Contribution</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">15-19 years</td> <td style="text-align: center;">\$175</td> </tr> <tr> <td style="text-align: center;">20-24 years</td> <td style="text-align: center;">\$200</td> </tr> <tr> <td style="text-align: center;">25 or more years</td> <td style="text-align: center;">\$225</td> </tr> </tbody> </table> <p style="text-align: center;"><b>Hired After February 1, 2005</b></p> <p><u>Medical Insurance</u>: The District shall contribute towards a retiree's medical premiums for up to 2 years. The amount of the District's monthly contributions is equivalent to that stated above.</p>	<i>Years of Service</i>	<i>Monthly Contribution</i>	15-19 years	\$175	20-24 years	\$200	25 or more years	\$225
<i>Years of Service</i>	<i>Monthly Contribution</i>								
15-19 years	\$175								
20-24 years	\$200								
25 or more years	\$225								

**Actuarial Assumptions for OPEB Benefits**

1. Actuarial Valuation Date	July 1, 2010
2. Actuarial Cost Method	<u>Unit Credit</u> : The calculation of retirement plan benefits is based upon the accumulation of “benefit units” earned from such things as salary and/or service years. A Plan’s normal cost is determined by the present value of benefits allocated to the valuation year. A Plan’s accrued liability is the present value of benefits allocated to all periods prior to the valuation year.
3. Interest Rate	Discount rate for valuing liabilities – 5.50% Interest rate on plan assets – 5.50%  Implicit in these rates is a 4.00% assumed rate of inflation
4. Payroll Increase	3.00% increase to total payroll – Used only for level percentage of payroll amortization of Unfunded Actuarial Accrued Liability
5. Amortization Method	30 year open level percent & level dollar method
6. Remaining Amortization Period	30 years
7. Asset Valuation Method	Market Value

<p>8. Retirement</p>	<p><i>Early Retirement</i></p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>55</td><td>15.0%</td><td>12.5%</td></tr> <tr><td>56</td><td>15.0</td><td>12.5</td></tr> <tr><td>57</td><td>15.0</td><td>11.5</td></tr> <tr><td>58</td><td>14.0</td><td>12.5</td></tr> <tr><td>59</td><td>11.0</td><td>12.5</td></tr> <tr><td>60</td><td>15.0</td><td>15.0</td></tr> <tr><td>61</td><td>14.0</td><td>16.0</td></tr> <tr><td>62</td><td>23.0</td><td>23.0</td></tr> <tr><td>63</td><td>23.0</td><td>21.0</td></tr> <tr><td>64</td><td>16.0</td><td>19.0</td></tr> <tr><td>65</td><td>100.0</td><td>100.0</td></tr> </tbody> </table> <p><i>Regular Retirement (30 or more years of service)</i></p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>57</td><td>40%</td><td>30%</td></tr> <tr><td>58</td><td>35</td><td>30</td></tr> <tr><td>59</td><td>28</td><td>30</td></tr> <tr><td>60</td><td>28</td><td>30</td></tr> <tr><td>61</td><td>28</td><td>30</td></tr> <tr><td>62</td><td>38</td><td>38</td></tr> <tr><td>63</td><td>35</td><td>32</td></tr> <tr><td>64</td><td>25</td><td>26</td></tr> <tr><td>65</td><td>100</td><td>100</td></tr> </tbody> </table>	<u>Age</u>	<u>Male</u>	<u>Female</u>	55	15.0%	12.5%	56	15.0	12.5	57	15.0	11.5	58	14.0	12.5	59	11.0	12.5	60	15.0	15.0	61	14.0	16.0	62	23.0	23.0	63	23.0	21.0	64	16.0	19.0	65	100.0	100.0	<u>Age</u>	<u>Male</u>	<u>Female</u>	57	40%	30%	58	35	30	59	28	30	60	28	30	61	28	30	62	38	38	63	35	32	64	25	26	65	100	100
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<p>9. Mortality</p>	<p>Active participant mortality rates at sample ages:</p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>20</td><td>0.000233</td><td>0.000077</td></tr> <tr><td>25</td><td>0.000303</td><td>0.000085</td></tr> <tr><td>30</td><td>0.000368</td><td>0.000115</td></tr> <tr><td>35</td><td>0.000391</td><td>0.000203</td></tr> <tr><td>40</td><td>0.000492</td><td>0.000285</td></tr> <tr><td>45</td><td>0.000725</td><td>0.000446</td></tr> <tr><td>50</td><td>0.001184</td><td>0.000614</td></tr> <tr><td>55</td><td>0.002085</td><td>0.001281</td></tr> <tr><td>60</td><td>0.003038</td><td>0.002174</td></tr> <tr><td>65</td><td>0.004660</td><td>0.003325</td></tr> <tr><td>70</td><td>0.008171</td><td>0.005327</td></tr> <tr><td>75</td><td>0.015030</td><td>0.009751</td></tr> <tr><td>80</td><td>0.027138</td><td>0.016934</td></tr> </tbody> </table>	<u>Age</u>	<u>Male</u>	<u>Female</u>	20	0.000233	0.000077	25	0.000303	0.000085	30	0.000368	0.000115	35	0.000391	0.000203	40	0.000492	0.000285	45	0.000725	0.000446	50	0.001184	0.000614	55	0.002085	0.001281	60	0.003038	0.002174	65	0.004660	0.003325	70	0.008171	0.005327	75	0.015030	0.009751	80	0.027138	0.016934																								
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12. Medical & Dental Trends (Annual Increases)	<u>Year</u>	<u>Medical Care</u>	<u>Dental Care</u>
	1	10.0%	4.0%
	2	9.0	4.0
	3	8.0	4.0
	4	7.0	4.0
	5	6.0	4.0
	6	5.0	4.0
	7	5.0	4.0
	8	5.0	4.0
	9	5.0	4.0
	10	5.0	4.0
	11	5.0	4.0
	12	5.0	4.0
13 & over	5.0	4.0	
13. Age Related Health Care Cost	Health care costs are assumed to increase at 2.5% per year of age separate from trend due to increased cost of older participants.		
14. Percent with Coverage at Retirement	100% of active employees currently electing coverage and eligible for a post-employment benefit		
15. Spouses' Age	Males are assumed to be three years older than their spouses		

# Stipend Tables

Stipend Table C

Middleton-Cross Plains Area School District  
 Determination of Normal Cost, Actuarial Accrued Liability  
 and Unfunded Actuarial Accrued Liability (UAAL) as of 7/1/2010

**Total Incurred Non-OPEB Liabilities**

	Administrators	Teachers	Supervisors	Total
<b>1.</b> Normal cost as of 7/1/2010	\$33,823	\$262,773	\$10,690	\$307,286
<b>2.</b> Actuarial accrued liability as of 7/1/2010				
<b>a.</b> Current retiree value of Non-OPEB	95,968	462,641	37,637	596,246
<b>b.</b> Future retiree value of Non-OPEB	337,110	3,369,367	91,524	3,798,001
<b>c.</b> Total actuarial accrued liability [#2a + #2b]	433,078	3,832,008	129,161	4,394,247
<b>3.</b> Actuarial value of assets	0	0	0	0
<b>4.</b> Unfunded actuarial accrued liability [#2c - #3]	\$433,078	\$3,832,008	\$129,161	\$4,394,247

Stipend Table D - Level % Amortization

Middleton-Cross Plains Area School District  
 Determination of 2010-2011 Fiscal Year Annual Supplemental Pension Cost

**Total Incurred Non-OPEB Liabilities**

	Administrators	Teachers	Supervisors	Total
<b>1.</b> Normal cost				
<b>a.</b> Beginning of year	\$33,823	\$262,773	\$10,690	\$307,286
<b>b.</b> With interest to end of year	35,514	275,912	11,225	322,650
<b>2.</b> Expected payroll for 2010-2011 fiscal year	n/a	n/a	n/a	n/a
<b>3.</b> Unfunded actuarial accrued liability	433,078	3,832,008	129,161	4,394,247
<b>4.</b> 30 year amortization of UAAL as a level percentage of payroll method				
<b>a.</b> Dollars	19,182	169,731	5,721	194,635
<b>b.</b> Percent of payroll	n/a	n/a	n/a	n/a
<b>5.</b> Annual supplemental pension cost				
<b>a.</b> Normal cost	35,514	275,912	11,225	322,650
<b>b.</b> Amortization	19,182	169,731	5,721	194,635
<b>c.</b> Total cost [a + b]	\$54,697	\$445,643	\$16,945	\$517,285

Stipend Table D - Level \$ Amortization

Middleton-Cross Plains Area School District  
 Determination of 2010-2011 Fiscal Year Annual Supplemental Pension Cost

**Total Incurred Non-OPEB Liabilities**

	Administrators	Teachers	Supervisors	Total
<b>1.</b> Normal cost				
<b>a.</b> Beginning of year	\$33,823	\$262,773	\$10,690	\$307,286
<b>b.</b> With interest to end of year	35,514	275,912	11,225	322,650
<b>2.</b> Expected payroll for 2010-2011 fiscal year	n/a	n/a	n/a	n/a
<b>3.</b> Unfunded actuarial accrued liability	433,078	3,832,008	129,161	4,394,247
<b>4.</b> 30 year amortization of UAAL as a level dollar method				
<b>a.</b> Dollars	28,172	249,278	8,402	285,852
<b>b.</b> Percent of payroll	n/a	n/a	n/a	n/a
<b>5.</b> Annual supplemental pension cost				
<b>a.</b> Normal cost	35,514	275,912	11,225	322,650
<b>b.</b> Amortization	28,172	249,278	8,402	285,852
<b>c.</b> Total cost [a + b]	\$63,686	\$525,189	\$19,627	\$608,502

Stipend Table E - Level % Amortization

Middleton-Cross Plains Area School District

Annual Pension Cost and Net Pension Obligation for the Fiscal Year Ending June 30, 2011

	<u>Total</u>
Annual pension cost (APC)	\$517,285
Interest on net pension obligation	230,480
Adjustment to APC	(204,173)
Annual pension cost (expense)	\$543,592
Contributions made	TBD
Change in net pension obligation	TBD
Net pension obligation - beginning of year	\$4,609,602
Net pension obligation - end of year	TBD

History of Pension Cost, Percentage Of Annual Contribution and Net Pension Obligation

Valuation Year Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2011	\$543,592	TBD	TBD

Stipend Table E - Level \$ Amortization

Middleton-Cross Plains Area School District

Annual Pension Cost and Net Pension Obligation for the Fiscal Year Ending June 30, 2011

	<u>Total</u>
Annual pension cost (APC)	\$608,502
Interest on net pension obligation	230,480
Adjustment to APC	(299,861)
Annual pension cost (expense)	\$539,121
Contributions made	TBD
Change in net pension obligation	TBD
Net pension obligation - beginning of year	\$4,609,602
Net pension obligation - end of year	TBD

History of Pension Cost, Percentage Of Annual Contribution and Net Pension Obligation

Valuation Year Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2011	\$539,121	TBD	TBD

Stipend Table F

Middleton-Cross Plains Area School District  
 Required Supplementary Information  
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a) / c)
7/1/2010	\$0	\$4,394,247	\$4,394,247	0.00%	TBD	TBD

Stipend Table G

Middleton-Cross Plains Area School District  
Significant Methods and Assumptions

Actuarial valuation date	7/1/2010
Actuarial cost method	Unit credit
Amortization method	30 year open level dollar & percentage of payroll
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial Assumptions	
Investment rate of return *	5.00%

\* Implicit in this rate is an assumed rate of inflation of 4.00%

Stipend Table H - Level % Amortization

Middleton-Cross Plains Area School District  
 Historical Development of Annual Net Supplemental Pension Obligation

**Total Incurred Stipend Liabilities**

Valuation Year Ending	Annual Supplemental Pension Cost	Interest on Net Supplemental Pension Obligation	Annual Supplemental Pension Cost Adjustment	Amort. Factor	Supplemental Pension Cost	Contribution	Change in Net Supplemental Pension Obligation	Net Supplemental Pension Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6/30/2011	\$517,285	230,480	(204,173)	22.58	\$543,592	TBD	TBD	TBD

Stipend Table H - Level \$ Amortization

Middleton-Cross Plains Area School District  
 Historical Development of Annual Net Supplemental Pension Obligation

**Total Incurred Stipend Liabilities**

Valuation Year Ending	Annual Supplemental Pension Cost	Interest on Net Supplemental Pension Obligation	Annual Supplemental Pension Cost Adjustment	Amort. Factor	Supplemental Pension Cost	Contribution	Change in Net Supplemental Pension Obligation	Net Supplemental Pension Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6/30/2011	\$608,502	230,480	(299,861)	15.37	\$539,121	TBD	TBD	TBD

Stipend Table I

Middleton-Cross Plains Area School District  
 Pay As You Go  
 Projection of Stipend Payments

<i><b>Fiscal Year Beginning</b></i>	<i><b>Expected Total Payouts</b></i>
2010	\$383,680
2011	\$410,720
2012	\$543,190
2013	\$399,253
2014	\$406,185
2015	\$421,471
2016	\$461,035
2017	\$526,290
2018	\$582,541
2019	\$602,404
2020	\$596,480
2021	\$590,780
2022	\$590,617
2023	\$597,647
2024	\$549,731
2025	\$494,838
2026	\$450,927
2027	\$431,869
2028	\$415,297
2029	\$388,441
2030	\$389,451
2031	\$409,912
2032	\$427,293
2033	\$434,682
2034	\$420,259
2035	\$401,963
2036	\$383,313
2037	\$352,042
2038	\$323,782
2039	\$279,787

# Stipend Technical Appendix

**Actuarial Assumptions for Stipend Benefits**

1. Actuarial Valuation Date	July 1, 2010																														
2. Actuarial Cost Method	<u>Unit Credit</u> : The calculation of retirement plan benefits is based upon the accumulation of “benefit units” earned from such things as salary and/or service years. A Plan’s normal cost is determined by the present value of benefits allocated to the valuation year. A Plan’s accrued liability is the present value of benefits allocated to all periods prior to the valuation year.																														
3. Interest Rate	Discount rate for valuing liabilities – 5.00% Interest rate on plan assets – 5.00%  Implicit in these rates is a 4.00% assumed rate of inflation																														
4. Payroll Increases	3.00% increase to total payroll – Used only for level percentage of payroll amortization of Unfunded Actuarial Accrued Liability																														
5. Amortization Method	30 year open level percent & level dollar method																														
6. Remaining Amortization Period	30 years																														
7. Asset Valuation Method	Market Value																														
8. Disablement Rates	<p>Active participant disability rates at sample ages:</p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr> <td>20</td> <td>0.01%</td> <td>0.01%</td> </tr> <tr> <td>25</td> <td>0.01</td> <td>0.01</td> </tr> <tr> <td>30</td> <td>0.01</td> <td>0.01</td> </tr> <tr> <td>35</td> <td>0.01</td> <td>0.01</td> </tr> <tr> <td>40</td> <td>0.02</td> <td>0.02</td> </tr> <tr> <td>45</td> <td>0.05</td> <td>0.07</td> </tr> <tr> <td>50</td> <td>0.13</td> <td>0.14</td> </tr> <tr> <td>55</td> <td>0.23</td> <td>0.20</td> </tr> <tr> <td>60</td> <td>0.39</td> <td>0.29</td> </tr> </tbody> </table>	<u>Age</u>	<u>Male</u>	<u>Female</u>	20	0.01%	0.01%	25	0.01	0.01	30	0.01	0.01	35	0.01	0.01	40	0.02	0.02	45	0.05	0.07	50	0.13	0.14	55	0.23	0.20	60	0.39	0.29
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65	0.004660	0.003325																																																																	
70	0.008171	0.005327																																																																	
75	0.015030	0.009751																																																																	
80	0.027138	0.016934																																																																	

11. Separation Rates

Select and ultimate termination rates at sample ages and years of service are shown below:

<u>Age</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>
	0	16.5%	13.0%
	1	11.0	9.5
	2	7.1	7.2
	3	5.2	6.1
	4	4.2	5.0
	5	3.4	4.3
	6	2.9	3.7
	7	2.5	3.2
	8	2.3	2.7
	9	2.0	2.5
25	10 or more	2.0	2.0
30		1.7	1.9
35		1.3	1.7
40		1.1	1.3
45		1.0	1.1
50		0.8	0.9
55		0.8	0.9
60		0.8	0.9