Key Benefit Concepts, LLC

Middleton-Cross Plains Area School District

Accounting and Sample Funding Report of Liabilities for Participants' Post Employment Benefits as of July 1, 2014

Thru End of the Year June 30, 2015

March 2015

Key Benefit Concepts
A Limited Liability Company

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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. Each material assumption is, in the actuaries' 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. 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.

The valuation was prepared in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The actuaries certifying this valuation meet the qualifications of the American Academy of Actuaries required to provide the actuarial opinion detailed in this report. Their opinion and certification is provided in accordance with an agreement with Key Benefit Concepts, LLC.

Steven L. Diess

Steven L. Diess, EA, MAAA

Elizabeth A. Moore

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March 27, 2015

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 of July 1, 2014 also known as the accrued benefit.

- Normal Cost (NC): The portion of the actuarial present value of benefits allocated to the valuation year (i.e. the additional benefits to be earned from July 1, 2014 through June 30, 2015).

- 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. The amounts paid by the District 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. District Administrator: At least age 55 with a minimum of 5 years of service; Eligible retiree will receive a fully paid dental benefit for a period of 8 years but not to exceed Medicare-eligibility.

   Note: *District Administrators that retired prior to July 1, 2013 receive HRA contributions as previously defined.*

b. Assistant Superintendent for Business Services: Upon retirement; Eligible retiree will receive a fully paid dental benefit for a period of 10 years but not to exceed Medicare-eligibility.

Note: *Assistant Superintendents for Business Services that retired prior to July 1, 2013 receive HRA contributions as previously defined.*

c. Assistant Superintendent for Educational Services: Upon retirement; Eligible retiree will receive a fully paid dental benefit for a period of 10 years but not to exceed Medicare-eligibility.

Note: *Assistant Superintendents for Educational Services that retired prior to July 1, 2013 receive HRA contributions as previously defined.*

d. All Other Administrators: At least age 55 with a minimum of 5 years of service; Eligible retirees who carry the District insurance plans at the time of retirement will receive contributions to a Premium Only HRA of up to $120,000 (paid in 7 annual equal installments). Benefits will cease if the Administrator exhausts the funds, at Medicare-eligibility or death.

Note: *All Other Administrators that retired prior to July 1, 2013 receive HRA contributions as previously defined.*

e. Supervisory Personnel: At least age 55 with a minimum of 10 years of service; Eligible retirees who carry the District insurance plans at the time of retirement will receive a premium only HRA of up to $120,000 (up to $92,000 for those hired on or after January 1, 2006), paid in 7 annual equal installments. Benefits will cease upon exhaustion of funds, at Medicare-eligibility or death.

Note: *Supervisory Personnel that retired prior to July 1, 2013 receive HRA contributions as previously defined.*

f. Teachers: At least age 55 with a minimum of 15 years of service; Eligible retirees who carry the District insurance plans at the time of retirement will receive a premium only HRA of up to $92,000 (paid in 7 annual equal installments). Benefits will cease upon exhaustion of funds, at Medicare-eligibility or death.

Note: *Teachers that retired prior to July 1, 2013 receive HRA contributions as previously defined.*

g. Support Staff: At least age 57 with a minimum of 15 years of service; Eligible retirees will receive a one-time lump-sum contribution into a TSA in an amount based on service at retirement. These monies may be used for continued coverage on the District's medical plan.

Note: *Support Staff retired prior to July 1, 2013 received continued health insurance coverage only.*

Fully-Funded HRA Benefits

The following employees receive an HRA benefit in retirement for which the District has fully-funded in an irrevocable trust identifying the benefit by name. Thus, the HRA benefit has not been included in this valuation. However, implicit rate subsidy from use of such funds to remain on the District's health insurance plan has been included in this valuation.

- District Administrator: At least age 55 with a minimum of 5 years of service; Eligible retiree will receive an HRA POP Retiree Only Benefit equal to $160,000.

- Assistant Superintendent for Business Services: Upon retirement; Eligible retiree will receive an HRA POP Retiree Only Benefit equal to $150,000.

- Assistant Superintendent for Educational Services: Upon retirement; Eligible retiree will receive an HRA POP Retiree Only Benefit equal to $140,000.

In a standard OPEB valuation, the GASB guidelines require that the OPEB 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 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 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 4 active Administrators that are currently not participating in the District's group medical plan, of which two are among the Administrators receiving individually negotiated benefits. We assumed that these two Administrators would elect coverage under the District's plan at retirement and apply their HRA balance towards that coverage, and an implicit subsidy was calculated on their behalf. However, the remaining two Administrators waiving coverage must elect coverage at retirement in order to receive their benefit, but were assumed to continue to waive coverage throughout their service with the District, hence no OPEB liability of any kind was calculated on their behalf.

For the 91 active Teachers and 1 active Supervisor that are also not participating in the medical plan, based upon historical information provided by the District, it was assumed they would continue to waive coverage throughout their tenure with the District. Since they must elect coverage under the District's medical plan at retirement in order to receive a benefit, no OPEB liability of any kind was calculated on their behalf.

It was assumed that 10% of the Support Staff would choose to self-pay 100% of the premium to remain on the District's medical plan in retirement. Thus an implicit subsidy was calculated on their behalf.

Supplemental Pension (Stipend) Benefit

In addition to the previously mentioned benefits, the District will also provide all benefit classifications with a stipend benefit upon their retirement. For the District Administrator and the Assistant Superintendent for Business Services and Educational Services, their stipend benefit is paid out for 3 years into a 403(b) being based upon year of retirement and specified percentage of final year's salary. For All Other Administrators, their stipend benefit is paid out for 3 years based on their highest annual salary multiplied by a factor based on years of service at retirement. For Supervisory Personnel and Teachers, their stipend benefit is paid out for 3 years or until death in the amount of $10,000 annually. Full time Support Staff retirees will receive a one-time lump sum in an amount determined by years of service with the District.

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.

GASB has issued Statements 67 and 68 which replace the requirements of Statement 27 and 50 relative to accounting for and disclosure of pensions by State and Local Governmental Employers wherein the pensions are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. However, the requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of Statements 67 and 68. Since the District currently funds its stipend benefits on a pay-as-you-go basis, we understand that the plan valuation and reporting remains under compliance with Statements 27 and 50. Therefore, this valuation and report were performed in compliance with GASB Statements 27 and 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:

<u>Level Dollar Amortization Method</u> – 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.

Level Percent Amortization Method – Amortization payments are calculated so that they increase at a constant percentage over a given number of years. The dollar amount of the payments generally will increase over time due to inflation; however the percentage increases in these payments can be expected to remain level.

Note: The OPEB and Stipend Tables are based upon a 20-year and 30-year amortization period, respectively.

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 insurance liabilities including HRA contributions as of July 1, 2014 are as follows:

Other Post Employment Liability			
		Level $ Amortization	Level % Amortization
1	Normal Cost with interest to end of year	$ 717,387	$ 717,387
2	Unfunded Actuarial Accrued Liability (UAAL)	$ 9,444,855	$ 9,444,855
3	20-yr. Amortization of UAAL	$ 790,339	$ 619,752
4	Annual Required Contribution (ARC)	$ 1,507,726	$ 1,337,139

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, the total post employment stipend liabilities as of July 1, 2014 are as follows:

Supplemental Pension Liability			
		Level $ Amortization	Level % Amortization
1	Normal Cost with interest to end of year	$ 387,592	$ 387,592
2	Unfunded Actuarial Accrued Liability (UAAL)	$ 5,133,527	$ 5,133,527
3	30-yr. Amortization of UAAL	$ 315,155	$ 218,807
4	Annual Supplemental Pension Cost	$ 702,747	$ 606,399

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 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, 2014. As such, the first year (fiscal year 2014-2015) 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, 2013 WRS annual report. The assumptions are shown in the technical appendices.

New GASB guidelines will require that actuarial valuations of OPEB and pension benefits must use the entry-age normal actuarial method. In light of this impending change, this valuation was performed using the entry-age normal actuarial method.

This is a subsequent valuation of the District's post-employment liabilities. The Trust assets allocated for the OPEB as of the valuation date were incorporated in this study to offset the District's actuarial accrued OPEB liability.

A discount rate of 5.50% (as the expected long-term yield on the OPEB Trust assets) was used in this valuation in calculating the OPEB liability. Furthermore, it was assumed that the District would continue to fund its OPEB liability through its irrevocable trust in the same manner it has over the past few years.

In calculating the District's stipend liabilities, a discount rate of 4.50% (as the expected yield on general assets) was used since the District is currently not in a position to fund its stipend liabilities.

Pay-As-You-Go (Table I)

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 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, 2014. In other words, it is based upon a closed valuation, such that no new hires are assumed to replace those future retirees. The valuation is based upon numerous assumptions as detailed in the technical appendix. Due to these assumptions, the likelihood of actual costs equaling the stated projections decreases for each year projecting further into the future.

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 2014

Years of Service

Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 or more	Total
Under 20	-	-	-	-	-	-	-	-	-
20 - 24	29	-	-	-	-	-	-	-	29
25 - 29	75	10	-	-	-	-	-	-	85
30 - 34	66	35	4	-	-	-	-	-	105
35 - 39	43	30	44	6	-	-	-	-	123
40 - 44	55	28	33	33	5	-	-	-	154
45 - 49	37	27	31	22	33	7	-	-	157
50 - 54	23	27	29	18	21	10	1	-	129
55 - 59	17	17	23	27	10	9	5	-	108
60 - 64	14	8	13	7	10	4	1	2	59
65 and over	3	8	3	3	4	2	2	1	26
Total	362	190	180	116	83	32	9	3	**975**

Averages:

Age: **44.1**

Service: **9.2**

OPEB Table B1

Middleton-Cross Plains Area School District

All Members by Medical Coverage as of July 1, 2014

	Actives					Retirees			
	Single	Family	Waived	None	Total	Single	Family	None	Total
Administration	2	21	4	-	**27**	1	4	-	**5**
Teachers	110	352	91	5	**558**	16	59	16	**91**
Support	63	159	106	42	**370**	4	6	2	**12**
Supervisors	4	15	1	-	**20**	1	1	2	**4**
Other Retirees	-	-	-	-	**-**	5	2	-	**7**
Totals	**179**	**547**	**202**	**47**	**975**	**27**	**72**	**20**	**119**

Notes:

1) Those listed as "Support" include Custodial, Food Service, Para Educators, PSSP, Transportation, and Clerical Staff.

2) Those listed as "Other Retirees" are those remaining on the District's health plan while self-paying 100% of the premiums under pre-Medicare coverage.

OPEB Table B2

Middleton-Cross Plains Area School District

Members by Eligibility as of July 1, 2014

	Actives			Retirees
	Fully Eligible	Not Fully Eligible	Total	Total
Administration	2	23	**25**	**5**
Teachers	30	432	**462**	**91**
Support	34	188	**222**	**12**
Supervisors	1	18	**19**	**4**
Other Retirees	-	-	**-**	**7**
Totals	**67**	**661**	**728**	**119**

Full Eligibility is met if, as of 7/1/2014 , the member has met the age and service requirements as stated in the plan provisions.

OPEB Table C

Middleton-Cross Plains Area School District

Determination of Normal Cost, Actuarial Accrued Liability (AAL)
and Unfunded Actuarial Accrued Liability (UAAL) as of July 1, 2014

Total Incurred OPEB Liabilities

	Administration	*Teachers*	*Support*	*Supervisors*	*Other Retirees*	*Total*
1. Normal cost as of 7/1/2014	48,681	628,857	2,450	33,947	0	713,935
2. Actuarial accrued liability as of 7/1/2014						
a. Current Retiree AAL	346,939	6,104,017	26,033	150,738	50,477	6,678,204
b. Future Retiree AAL	509,065	7,705,377	27,066	264,146	0	8,505,654
c. Total AAL (#2a + #2b)	856,004	13,809,394	53,099	414,884	50,477	15,183,858
3. Actuarial value of assets	308,584	4,978,197	19,142	149,563	18,197	5,473,682
4. Unfunded actuarial accrued liability [#2c - #3]	$547,420	$8,831,197	$33,957	$265,321	$32,280	$9,710,176

OPEB Table D - Level % Amortization

Middleton-Cross Plains Area School District

Determination of 2014-2015 Fiscal Year Annual Required Contribution (ARC)

		Total Incurred OPEB Liabilities				
		Administration	*Teachers*	*Support*	*Other Retirees*	*Total*
1.	Normal cost					
a.	Beginning of year	$48,681	$628,857	$2,450	$0	$679,988
b.	With interest to end of year	51,358	663,444	2,585	0	717,387
2.	Expected payroll for 2014-2015 fiscal year	n/a	n/a	n/a	n/a	n/a
3.	Unfunded actuarial accrued liability	547,420	8,831,197	33,957	32,280	9,444,855
4.	20 year amortization of UAAL as a level percent method					
a.	Dollars	35,921	579,485	2,228	2,118	619,752
b.	Percent of payroll	n/a	n/a	n/a	n/a	n/a
5.	Annual required contribution *(ARC)*					
a.	Normal cost	51,358	663,444	2,585	0	717,387
b.	Amortization	35,921	579,485	2,228	2,118	619,752
c.	Total contribution [a + b]	$87,279	$1,242,929	$4,813	$2,118	$1,337,139

OPEB Table D - Level $ Amortization

Middleton-Cross Plains Area School District

Determination of 2014-2015 Fiscal Year Annual Required Contribution (ARC)

Total Incurred OPEB Liabilities

	Administration	*Teachers*	*Support*	*Other Retirees*	*Total*
1. Normal cost					
a. Beginning of year	$48,681	$628,857	$2,450	$0	$679,988
b. With interest to end of year	51,358	663,444	2,585	0	717,387
2. Expected payroll for 2014-2015 fiscal year	n/a	n/a	n/a	n/a	n/a
3. Unfunded actuarial accrued liability	547,420	8,831,197	33,957	32,280	9,444,855
4. 20 year amortization of UAAL as a level dollar method					
a. Dollars	45,808	738,989	2,842	2,701	790,339
b. Percent of payroll	n/a	n/a	n/a	n/a	n/a
5. Annual required contribution *(ARC)*					
a. Normal cost	51,358	663,444	2,585	0	717,387
b. Amortization	45,808	738,989	2,842	2,701	790,339
c. Total contribution [a + b]	$97,166	$1,402,433	$5,426	$2,701	$1,507,726

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, 2015

	Total
Annual required contribution *(ARC)*	$1,337,139
Interest on net OPEB obligation	98,703
Adjustment to annual required contribution	(117,758)
Annual OPEB cost (expense)	$1,318,084
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	$1,794,604
Net OPEB obligation - end of year	TBD

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	$2,398,275	73%	$2,033,714
6/30/2013	1,885,431	110%	1,850,328
6/30/2014	2,015,275	103%	1,794,604
6/30/2015	1,318,084	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

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, 2015

	Total
Annual required contribution *(ARC)*	$1,507,726
Interest on net OPEB obligation	98,703
Adjustment to annual required contribution	(150,171)
Annual OPEB cost (expense)	$1,456,258
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	$1,794,604
Net OPEB obligation - end of year	TBD

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	$2,398,275	73%	$2,033,714
6/30/2013	1,885,431	110%	1,850,328
6/30/2014	2,015,275	103%	1,794,604
6/30/2015	1,456,258	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

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) - Entry Age Normal Level % of Salary	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	$3,791,753	$21,307,349	$17,515,596	17.80%	39,504,621	44.3%
7/1/2012	$4,187,674	$16,954,057	$12,766,383	24.70%	39,165,210	32.6%
7/1/2014	$5,473,682	$15,183,858	$9,710,176	36.05%	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

OPEB Table G

Middleton-Cross Plains Area School District

Significant Methods and Assumptions

Actuarial valuation date	7/1/2014
Actuarial cost method	Entry Age Normal - Level % of Salary
Amortization method	20 year open level dollar & level percent
Remaining amortization period	20 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*	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
Dental care trend*	Level at 5.00%

* Implicit in this rate is an assumed rate of inflation of 3.00%

OPEB Table H - Level % Amortization

Middleton-Cross Plains Area School District

Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities

Fiscal 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)
6/30/2014	$1,913,507	101,768			$2,015,275	(2,070,999)	(55,724)	$1,794,604
6/30/2015	$1,337,139	98,703	(117,758)	15.24	1,318,084	TBD	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

OPEB Table H - Level $ Amortization

Middleton-Cross Plains Area School District

Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities

Fiscal 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)
6/30/2014	$1,913,507	101,768			$2,015,275	(2,070,999)	(55,724)	$1,794,604
6/30/2015	$1,507,726	98,703	(150,171)	11.95	1,456,258	TBD	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

OPEB Table I

Middleton-Cross Plains Area School District

Pay As You Go

Projection of Medical & Dental Contributions (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 **(C + F)**	Implicit Rate Subsidy **(D - B)**	Cost → Value
2014	$1,107,874	$1,257,434	$1,724,473	$1,874,033	$616,598	1.5566
2015	$1,059,851	$1,195,022	$1,663,332	$1,798,503	$603,481	1.5694
2016	$1,018,950	$1,115,977	$1,564,091	$1,661,119	$545,141	1.5350
2017	$967,750	$988,321	$1,474,021	$1,494,592	$506,271	1.5231
2018	$957,663	$950,007	$1,449,329	$1,441,673	$491,666	1.5134
2019	$918,658	$910,595	$1,363,892	$1,355,829	$445,234	
2020	$887,903	$716,254	$1,285,525	$1,113,876	$397,622	
2021	$824,211	$548,981	$1,147,850	$872,620	$323,639	
2022	$877,482	$564,556	$1,223,231	$910,304	$345,748	
2023	$1,004,197	$645,715	$1,412,245	$1,053,763	$408,048	
2024	$1,172,436	$709,563	$1,654,923	$1,192,049	$482,487	
2025	$1,322,827	$753,333	$1,860,334	$1,290,840	$537,507	
2026	$1,486,099	$789,225	$2,070,827	$1,373,954	$584,728	
2027	$1,657,388	$849,117	$2,333,615	$1,525,344	$676,226	
2028	$1,781,110	$902,875	$2,540,016	$1,661,781	$758,907	
2029	$1,963,915	$936,372	$2,797,713	$1,770,170	$833,798	
2030	$2,129,316	$959,127	$3,040,838	$1,870,648	$911,522	
2031	$2,206,886	$940,225	$3,167,952	$1,901,291	$961,065	
2032	$2,277,290	$964,599	$3,304,680	$1,991,990	$1,027,391	
2033	$2,310,826	$954,200	$3,386,016	$2,029,390	$1,075,190	
2034	$2,471,912	$947,671	$3,644,660	$2,120,419	$1,172,748	
2035	$2,399,814	$879,184	$3,538,205	$2,017,575	$1,138,391	
2036	$2,407,386	$839,628	$3,564,106	$1,996,347	$1,156,719	
2037	$2,544,017	$853,079	$3,825,074	$2,134,135	$1,281,056	
2038	$2,468,629	$790,665	$3,717,090	$2,039,126	$1,248,460	
2039	$2,431,702	$747,454	$3,691,733	$2,007,485	$1,260,030	
2040	$2,419,901	$704,618	$3,703,389	$1,988,106	$1,283,488	
2041	$2,487,799	$664,736	$3,810,403	$1,987,340	$1,322,604	
2042	$2,378,193	$605,194	$3,625,861	$1,852,862	$1,247,668	
2043	$2,406,540	$586,716	$3,689,260	$1,869,437	$1,282,721	

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

District Administrators retired prior to 7/1/13

HRA contributions and Stipend benefits as previously defined.

District Administrator

<table>
<tr><th>Eligibility</th><th>OPEB</th></tr>
<tr><td rowspan="5">At least age 55 with a minimum of 5 years of service</td><td><u>Dental Insurance:</u> The District will pay the full (100%) dental premiums on behalf of the retiree for a period of up to 8 years (benefit ends upon Medicare eligibility).</td></tr>
<tr><td>Actively Funded Benefit</td></tr>
<tr><td><u>Premium Only HRA Contributions:</u> Eligible retiree will receive an HRA POP Retiree Only Benefit equal to $160,000 (already paid in 1 lump sum during 2014)

District Administrator was fully vested in this account at the time the deposit was made.</td></tr>
<tr><td>Non-OPEB</td></tr>
<tr><td><u>Non-Elective Post-Employment 403(b) Employer Contribution Plan:</u> The District shall provide the retired District Administrator with an annual stipend for the initial 3 years of retirement. The annual amount of the stipend is based upon the year of retirement:
<table>
<tr><th>Year of Retirement</th><th>Percentage Factor of final year's salary</th></tr>
<tr><td>2014-15</td><td>22%</td></tr>
<tr><td>2015-16</td><td>25%</td></tr>
<tr><td>2016-17</td><td>28%</td></tr>
</table>
In the event of the retiree's death prior to the exhaustion of this benefit, the surviving spouse or estate will receive the remaining deposit amounts in a lump sum to the account no later than the end of the month when the death occurred or immediately thereafter to the maximum extent permitted by the Internal Revenue Code and applicable regulations. This final TSA contribution shall be the final non-elective post-retirement contribution to the decedent's TSA account. No remaining contributions shall be paid to a surviving spouse or beneficiary of the decedent.</td></tr>
</table>

Assistant Superintendent for Business Services retired prior to 7/1/13
HRA contributions and Stipend benefits as previously defined.

Assistant Superintendent for Business Services

<table>
<tr><th>Eligibility</th><th>OPEB</th></tr>
<tr><td rowspan="5">Upon retirement</td><td><u>Dental Insurance:</u> The District will pay the full (100%) dental premiums on behalf of the retiree for a period of up to 10 years (benefit ends upon Medicare eligibility).</td></tr>
<tr><td>Actively-Funded Benefit</td></tr>
<tr><td><u>Premium Only HRA Contributions:</u> An HRA POP Retiree Only Benefit equal to $150,000 (already paid in 1 lump sum during 2014)

Assistant Superintendent was fully vested in this account at the time the deposit was made.</td></tr>
<tr><td>Non-OPEB</td></tr>
<tr><td><u>Non-Elective Post-Employment 403(b) Employer Contribution Plan:</u> The District shall provide the retired Assistant Superintendent with an annual stipend for the initial 3 years of retirement. The annual amount of the stipend is based upon the year of retirement:

<table>
<tr><th>Year of Retirement</th><th>Percentage Factor of final year's salary</th></tr>
<tr><td>2013-14</td><td>20%</td></tr>
<tr><td>2014-15</td><td>22%</td></tr>
<tr><td>2015-16</td><td>25%</td></tr>
</table>

In the event of the retiree's death prior to the exhaustion of this benefit, the surviving spouse or estate will receive the remaining deposit amounts in a lump sum to the account no later than the end of the month when the death occurred or immediately thereafter to the maximum extent permitted by the Internal Revenue Code and applicable regulations. This final TSA contribution shall be the final non-elective post-retirement contribution to the decedent's TSA account. No remaining contributions shall be paid to a surviving spouse or beneficiary of the decedent.</td></tr>
</table>

Assistant Superintendent for Educational Services Retired prior to 7/1/13
HRA contributions and Stipend benefits as previously defined.

Assistant Superintendent for Educational Services

<table>
<tr><th>Eligibility</th><th>OPEB</th></tr>
<tr><td rowspan="5">Upon retirement</td><td><u>Dental Insurance:</u> The District will pay the full (100%) dental premiums on behalf of the retiree for a period of up to 10 years (benefit ends upon Medicare eligibility).</td></tr>
<tr><td>Actively-Funded Benefit</td></tr>
<tr><td><u>Premium Only HRA Contributions:</u> An HRA POP Retiree Only Benefit equal to $140,000 (already paid in 1 lump sum during 2014)

Assistant Superintendent was fully vested in this account at the time the deposit was made.</td></tr>
<tr><td>Non-OPEB</td></tr>
<tr><td><u>Non-Elective Post-Employment 403(b) Employer Contribution Plan:</u> The District shall provide the retired Assistant Superintendent with an annual stipend for the initial 3 years of retirement. The annual amount of the stipend is based upon the year of retirement:

<table>
<tr><th>Year of Retirement</th><th>Percentage Factor of final year's salary</th></tr>
<tr><td>2016-17</td><td>19%</td></tr>
<tr><td>2017-18 & beyond</td><td>20%</td></tr>
</table>

In the event of the retiree's death prior to the exhaustion of this benefit, the surviving spouse or estate will receive the remaining deposit amounts in a lump sum to the account no later than the end of the month when the death occurred or immediately thereafter to the maximum extent permitted by the Internal Revenue Code and applicable regulations. This final TSA contribution shall be the final non-elective post-retirement contribution to the decedent's TSA account. No remaining contributions shall be paid to a surviving spouse or beneficiary of the decedent.</td></tr>
</table>

All Other Administrators Retired prior to 7/1/13

HRA contributions and Stipend benefits as previously defined.

All Other Administrators

<table>
<tr><th>Eligibility</th><th>OPEB</th></tr>
<tr><td rowspan="3">At least age 55 with a minimum of 5 years of service</td><td><u>Premium-Only HRA Contributions:</u> Eligible retirees who carry the District insurance plans at the time of retirement will receive contributions to a Premium Only HRA of up to $120,000 (paid in 7 annual equal installments) subject to the limits below.

All contributions toward benefits listed above will cease at the first of the following three thresholds:
1. The Administrator exhausts the benefit as it has been described above.
2. The Administrator reaches Medicare eligibility
3. The Administrator dies</td></tr>
<tr><td>Non-OPEB</td></tr>
<tr><td><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:

<table><tr><th>Years of Service</th><th>Percentage Factor</th></tr><tr><td>5-9 years</td><td>9%</td></tr><tr><td>10-14 years</td><td>14%</td></tr><tr><td>15 or more years</td><td>17%</td></tr></table>
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.</td></tr>
</table>

Supervisory Personnel Retired prior to 7/1/13
HRA contributions and Stipend benefits as previously defined.

Supervisory Personnel

<table>
<tr><td colspan="2">Effective as of July 1, 2013</td></tr>
<tr><td>Eligibility</td><td>OPEB</td></tr>
<tr><td rowspan="7">At least age 55 with a minimum of 10 years of service</td><td>Hired Prior to January 1, 2006</td></tr>
<tr><td><u>Premium Only HRA Contributions:</u> Eligible retirees will receive a premium only HRA of up to $120,000 (paid in 7 annual equal installments) subject to the limits below to be used towards eligible expenses till their exhaustion.</td></tr>
<tr><td>Hired On or After to January 1, 2006</td></tr>
<tr><td><u>Premium Only HRA Contributions:</u> Eligible retirees who carry the District insurance plans at the time of retirement will receive a premium only HRA of up to $92,000 (paid in 7 annual equal installments) subject to the limits below to be used towards eligible expenses till their exhaustion.

All contributions toward benefits listed above will cease at the first of the following three thresholds:
1. The Supervisor exhausts the benefit as it has been described above.
2. The Supervisor reaches Medicare eligibility
3. The Supervisor dies</td></tr>
<tr><td>Non-OPEB</td></tr>
<tr><td><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.</td></tr>
<tr></tr>
<tr><td colspan="2">Note: All retirees that meet the eligibility requirement are eligible for the stipend benefit regardless of their hire date.</td></tr>
</table>

Teachers retired prior to 7/1/13

HRA contributions and Stipend benefits as previously defined.

Teachers

<table>
<tr><th>Eligibility</th><th>OPEB</th></tr>
<tr><td rowspan="3">At least age 55 with a minimum of 15 years of service</td><td><u>Premium Only HRA Contributions:</u> Eligible retirees who carry the District insurance plans at the time of retirement will receive a premium only HRA of up to $92,000 (paid in 7 annual equal installments) subject to the limits below to be used towards eligible expenses until their exhaustion. This benefit if prorated for those that are part time.

All contributions toward benefits listed above will cease at the first of the following three thresholds:
1. The Teacher exhausts the benefit as it has been described above.
2. The Teacher reaches Medicare eligibility
3. The Teacher dies</td></tr>
<tr><td>Non-OPEB</td></tr>
<tr><td><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.</td></tr>
</table>

Support Staff Retired prior to 7/1/13

Continued health insurance coverage only

Support Staff (Custodial & Maintenance, Food Service, Para Educators, Professional Services Support Personnel (PSSP), Transportation

<table>
<tr><th>Eligibility</th><th>Non-OPEB</th></tr>
<tr><td>At least age 57 with a minimum of 15 years of service</td><td><u>TSA Contributions:</u> Eligible full time retirees (8 hours per day) will receive a one-time lump-sum contribution into a TSA at the level referenced below into a Special Pay Plan.

<table><tr><th>Years of Service</th><th>Contribution Amount</th></tr><tr><td>15-19 years</td><td>$10,500</td></tr><tr><td>20-24 years</td><td>$12,000</td></tr><tr><td>25 or more years</td><td>$13,500</td></tr></table>
Contribution amounts will be prorated further based upon FTE.</td></tr>
</table>

OPEB Actuarial Assumptions

1. Actuarial Valuation Date	July 1, 2014
2. Actuarial Cost Method	Entry Age Normal – Level % of Salary: Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The normal cost is equal to the valuation salary multiplied by the present value of benefits divided by the present value of future salaries, measured as of the date of hire. The accrued liability is equal to the present value of projected benefits minus the present value of future normal costs, measured as of the valuation date.
3. Interest Rate	Discount rate for valuing liabilities – 5.50% Interest rate on plan assets – 5.50% Implicit in these rates is a 3.00% assumed rate of inflation
4. Level Percent Increase	3.00% – Used only for level percent amortization of Unfunded Actuarial Accrued Liability
5. Amortization Method	20 year open level percent & level dollar method
6. Remaining Amortization Period	20 years
7. Asset Valuation Method	Market Value

8. Retirement Rates	*Early Retirement*

Age	Male	Female
55	12.0%	11.0%
56	12.0	11.0
57	12.0	11.0
58	12.0	11.0
59	12.0	11.0
60	12.0	15.0
61	12.0	15.0
62	20.0	20.0
63	20.0	20.0
64	20.0	20.0
65	100.0	100.0

Regular Retirement (30 or more years of service)

Age	Male	Female
57	40%	27%
58	35	27
59	25	27
60	28	27
61	25	27
62	36	34
63	32	27
64	24	23
65	100	100

No employees are assumed to retire prior to becoming eligible for benefits

9. Mortality Rates	Active participant mortality rates at sample ages:

Age	Male	Female
20	0.000155	0.000089
25	0.000184	0.000097
30	0.000229	0.000129
35	0.000398	0.000230
40	0.000540	0.000329
45	0.000717	0.000519
50	0.000966	0.000765
55	0.002228	0.001345
60	0.003147	0.001935
65	0.004814	0.002974
70	0.007979	0.005057
75	0.013576	0.009155
80	0.024949	0.017103

10. Separation Rates	Select and ultimate termination rates at sample ages and years of service are shown below:

Age	Service	Male	Female
	0	17.7%	15.0%
	1	11.4	10.5
	2	7.3	7.1
	3	5.2	5.5
	4	3.9	4.6
	5	3.0	4.0
	6	2.8	3.5
	7	2.5	3.0
	8	2.0	2.5
	9	1.8	2.3
25	10 or more	1.8	2.2
30		1.4	1.9
35		1.2	1.4
40		1.1	1.1
45		1.0	0.9
50		1.0	0.9
55		1.0	0.9
60		1.0	0.9

No separation rates are assumed after eligibility for retirement

11. Disablement Rates	Active participant disability rates at sample ages:

Age	Male	Female
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	0.04	0.06
50	0.11	0.12
55	0.21	0.17
60	0.34	0.25

12. Medical & Dental Trends (*Annual Increases*)	Year	Medical	Dental
	1	7.5%	5.0%
	2	7.0	5.0
	3	6.5	5.0
	4	6.4	5.0
	5	6.3	5.0
	6	6.2	5.0
	7	6.1	5.0
	8	6.0	5.0
	9	5.9	5.0
	10	5.8	5.0
	11	5.7	5.0
	12	5.6	5.0
	13	5.5	5.0
	14	5.4	5.0
	15	5.3	5.0
	16	5.2	5.0
	17	5.1	5.0
	18 & over	5.0	5.0

13. Salary Merit Scale (*Annual Increases*)	Service	Increase
	1	5.8%
	2	5.8
	3	5.4
	4	5.1
	5	4.7
	10	3.2
	15	1.8
	20	0.8
	25	0.4
	30	0.2
	The assumed salary inflation of 3.0% per year is added to these merit increases to get the total assumed increase in salary	

14. Age Related Health Care Cost	2014/2015 monthly medical premium rates under the District's plans were as follows: Dean: Single $497.62 Family $1,244.06 Unity: Single $538.38 Family $1,345.96 Health care costs are assumed to increase each year of age separate from trend due to increased cost of older participants, as follows: <u>Age</u> <u>Rate</u> Under 40 5.0% 40-44 4.5% 45-49 4.0% 50-54 3.3% 55-59 3.6% 60-64 4.2%
15. Percent with Coverage at Retirement	10% of Support Staff and 100% of other active employees eligible for a post-employment benefit and currently electing coverage
16. Census Data (Table B)	1) Those listed as "Support" include Custodial, Food Service, Para Educators, PSSP, Transportation, and Clerical Staff. 2) Those listed as "Other Retirees" are those remaining on the District's health plan while self-paying 100% of the premiums under pre-Medicare coverage.
17. Coverage Tier	80% of future covered retirees are assumed to cover a spouse in retirement
18. Spouses' Age	Males are assumed to be three years older than their spouses

Stipend Tables

Stipend Table B2

Middleton-Cross Plains Area School District

Members by Eligibility as of July 1, 2014

	Actives			Retirees
	Fully Eligible	Not Fully Eligible	Total Eligible	Total Eligible
Administration	2	25	**27**	**1**
Teachers	33	520	**553**	**37**
Support	22	306	**328**	**2**
Supervisors	1	19	**20**	**4**
Totals	**58**	**870**	**928**	**44**

Full Eligibility is met if, as of 7/1/2014 , the member has met the age and service requirements as stated in the plan provisions.

Stipend Table C

Middleton-Cross Plains Area School District

Determination of Normal Cost, Actuarial Accrued Liability (AAL)
and Unfunded Actuarial Accrued Liability (UAAL) as of July 1, 2014

Total Incurred Non-OPEB Liabilities

	Administration	*Teachers*	*Support*	*Supervisors*	*Total*
1. Normal cost as of 7/1/2014	$54,493	$227,762	$75,699	$12,947	$370,901
2. Actuarial accrued liability as of 7/1/2014					
a. Current retiree AAL	13,901	706,771	15,422	88,452	824,546
b. Future retiree AAL	439,294	2,845,141	907,322	117,224	4,308,981
c. Total AAL [#2a + #2b]	453,195	3,551,912	922,744	205,676	5,133,527
3. Actuarial value of assets	0	0	0	0	0
4. Unfunded actuarial accrued liability [#2c - #3]	$453,195	$3,551,912	$922,744	$205,676	$5,133,527

Stipend Table D - Level % Amortization

Middleton-Cross Plains Area School District

Determination of 2014-2015 Fiscal Year Annual Required Contribution (ARC)

		Total Incurred Non-OPEB Liabilities				
		Administration	*Teachers*	*Support*	*Supervisors*	*Total*
1.	Normal cost					
	a. Beginning of year	$54,493	$227,762	$75,699	$12,947	$370,901
	b. With interest to end of year	56,945	238,011	79,105	13,530	387,592
2.	Expected payroll for 2014-2015 fiscal year	n/a	n/a	n/a	n/a	n/a
3.	Unfunded actuarial accrued liability *(UAAL)*	453,195	3,551,912	922,744	205,676	5,133,527
4.	30 year amortization of UAAL as a level percent method					
	a. Dollars	19,317	151,394	39,330	8,767	218,807
	b. Percent of payroll	n/a	n/a	n/a	n/a	n/a
5.	Annual supplemental pension cost					
	a. Normal cost	56,945	238,011	79,105	13,530	387,592
	b. Amortization	19,317	151,394	39,330	8,767	218,807
	c. Total cost [a + b]	$76,262	$389,405	$118,436	$22,296	$606,399

Stipend Table D - Level $ Amortization

Middleton-Cross Plains Area School District

Determination of 2014-2015 Fiscal Year Annual Required Contribution (ARC)

		Total Incurred Non-OPEB Liabilities				
		Administration	*Teachers*	*Support*	*Supervisors*	*Total*
1.	Normal cost					
	a. Beginning of year	$54,493	$227,762	$75,699	$12,947	$370,901
	b. With interest to end of year	56,945	238,011	79,105	13,530	387,592
2.	Expected payroll for 2014-2015 fiscal year	n/a	n/a	n/a	n/a	n/a
3.	Unfunded actuarial accrued liability *(UAAL)*	453,195	3,551,912	922,744	205,676	5,133,527
4.	30 year amortization of UAAL as a level dollar method					
	a. Dollars	27,822	218,057	56,649	12,627	315,155
	b. Percent of payroll	n/a	n/a	n/a	n/a	n/a
5.	Annual supplemental pension cost					
	a. Normal cost	56,945	238,011	79,105	13,530	387,592
	b. Amortization	27,822	218,057	56,649	12,627	315,155
	c. Total cost [a + b]	$84,768	$456,069	$135,754	$26,156	$702,747

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, 2015

	Total
Annual required pension cost *(APC)*	$606,399
Interest on net pension obligation	217,314
Adjustment to APC	(205,836)
Annual pension cost (expense)	$617,877
Contributions made	TBD
Change in net pension obligation	TBD
Net pension obligation - beginning of year	$4,829,200
Net pension obligation - end of year	TBD

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

Fiscal Year Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2012	$754,935	78%	$4,916,363
6/30/2013	452,024	137%	4,749,057
6/30/2014	763,473	90%	4,829,200
6/30/2015	617,877	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

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, 2015

	Total
Annual required pension cost *(APC)*	$702,747
Interest on net pension obligation	217,314
Adjustment to APC	(296,472)
Annual pension cost (expense)	$623,589
Contributions made	TBD
Change in net pension obligation	TBD
Net pension obligation - beginning of year	$4,829,200
Net pension obligation - end of year	TBD

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

Fiscal Year Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2012	$754,935	78%	$4,916,363
6/30/2013	452,024	137%	4,749,057
6/30/2014	763,473	90%	4,829,200
6/30/2015	623,589	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

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) - Entry Age Normal Level % of Salary	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%	$28,111,863	15.6%
7/1/2012	0	3,923,644	3,923,644	0.00%		
7/1/2014	0	5,133,527	5,133,527	0.00%	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

Stipend Table G

Middleton-Cross Plains Area School District

Significant Methods and Assumptions

Actuarial valuation date	7/1/2014
Actuarial cost method	Entry Age Normal - Level % of Salary
Amortization method	30 year open level dollar & level percent
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial Assumptions	
Investment rate of return *	4.50%
Projected payroll increases (for level amortization of pay only)	3.00%

Salary Increases
(Projected payroll increase is added to these rates)

Service	Increase
1	5.8%
2	5.8
3	5.4
4	5.1
5	4.7
10	3.2
15	1.8
20	0.8
25	0.4
30	0.2

* Implicit in this rate is an assumed rate of inflation of 3.00%

Stipend Table H - Level % Amortization

Middleton-Cross Plains Area School District

Historical Development of Annual Net Supplemental Pension Obligation

Total Incurred Stipend Liabilities

Fiscal Year Ending	Annual Supplemental Required Contribution	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)
6/30/2014	$526,022	237,451			$763,473	(683,330)	80,143	$4,829,200
6/30/2015	$606,399	217,314	(205,836)	23.46	$617,877	TBD	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

Stipend Table H - Level $ Amortization

Middleton-Cross Plains Area School District

Historical Development of Annual Net Supplemental Pension Obligation

Total Incurred Stipend Liabilities

Fiscal Year Ending	Annual Supplemental Required Contribution	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)
6/30/2014	$526,022	237,451			$763,473	(683,330)	80,143	$4,829,200
6/30/2015	$702,747	217,314	(296,472)	16.29	$623,589	TBD	TBD	TBD

The financial history was reproduced from the District's financial statements and has not been reviewed for accuracy.

Stipend Table I

Middleton-Cross Plains Area School District

Pay As You Go

Projection of Stipend Payments

Fiscal Year Beginning	***Expected Total Payouts***
2014	$683,095
2015	$569,802
2016	$422,216
2017	$365,684
2018	$404,148
2019	$419,586
2020	$467,894
2021	$479,223
2022	$535,425
2023	$613,367
2024	$610,903
2025	$609,196
2026	$709,972
2027	$683,351
2028	$693,888
2029	$786,544
2030	$738,328
2031	$703,482
2032	$654,656
2033	$649,327
2034	$629,439
2035	$622,021
2036	$614,699
2037	$572,305
2038	$540,835
2039	$490,158
2040	$444,308
2041	$391,811
2042	$373,226
2043	$352,378

Stipend Technical Appendix

Stipend Actuarial Assumptions

1. Actuarial Valuation Date	July 1, 2014
2. Actuarial Cost Method	Entry Age Normal – Level % of Salary: Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The normal cost is equal to the valuation salary multiplied by the present value of benefits divided by the present value of future salaries, measured as of the date of hire. The accrued liability is equal to the present value of projected benefits minus the present value of future normal costs, measured as of the valuation date.
3. Interest Rate	Discount rate for valuing liabilities – 4.50% Interest rate on plan assets – 4.50% Implicit in these rates is 3.00% assumed rate of inflation
4. Salary Merit Scale (*Annual Increases*)	Service / Increase: 1 — 5.8% 2 — 5.8 3 — 5.4 4 — 5.1 5 — 4.7 10 — 3.2 15 — 1.8 20 — 0.8 25 — 0.4 30 — 0.2 The assumed salary inflation of 3.0% per year is added to these merit increases to get the total assumed increase in salary
5. Level Percent Increase	3.00% – Used only for level percent amortization of Unfunded Actuarial Accrued Liability
6. Amortization Method	30 year open level percent & level dollar method
7.Remaining Amortization Period	30 years
8. Asset Valuation Method	Market Value

<table>
<tr><td>9. Retirement Rates</td><td>Early Retirement

<table>
<tr><th><u>Age</u></th><th><u>Male</u></th><th><u>Female</u></th></tr>
<tr><td>55</td><td>12.0%</td><td>11.0%</td></tr>
<tr><td>56</td><td>12.0</td><td>11.0</td></tr>
<tr><td>57</td><td>12.0</td><td>11.0</td></tr>
<tr><td>58</td><td>12.0</td><td>11.0</td></tr>
<tr><td>59</td><td>12.0</td><td>11.0</td></tr>
<tr><td>60</td><td>12.0</td><td>15.0</td></tr>
<tr><td>61</td><td>12.0</td><td>15.0</td></tr>
<tr><td>62</td><td>20.0</td><td>20.0</td></tr>
<tr><td>63</td><td>20.0</td><td>20.0</td></tr>
<tr><td>64</td><td>20.0</td><td>20.0</td></tr>
<tr><td>65</td><td>100.0</td><td>100.0</td></tr>
</table>

Regular Retirement (30 or more years of service)
<table>
<tr><th><u>Age</u></th><th><u>Male</u></th><th><u>Female</u></th></tr>
<tr><td>57</td><td>40%</td><td>27%</td></tr>
<tr><td>58</td><td>35</td><td>27</td></tr>
<tr><td>59</td><td>25</td><td>27</td></tr>
<tr><td>60</td><td>28</td><td>27</td></tr>
<tr><td>61</td><td>25</td><td>27</td></tr>
<tr><td>62</td><td>36</td><td>34</td></tr>
<tr><td>63</td><td>32</td><td>27</td></tr>
<tr><td>64</td><td>24</td><td>23</td></tr>
<tr><td>65</td><td>100</td><td>100</td></tr>
</table>

No employees are assumed to retire prior to becoming eligible for benefits</td></tr>
<tr><td>10. Mortality Rates</td><td>Active participant mortality rates at sample ages:

<table>
<tr><th><u>Age</u></th><th><u>Male</u></th><th><u>Female</u></th></tr>
<tr><td>20</td><td>0.000155</td><td>0.000089</td></tr>
<tr><td>25</td><td>0.000184</td><td>0.000097</td></tr>
<tr><td>30</td><td>0.000229</td><td>0.000129</td></tr>
<tr><td>35</td><td>0.000398</td><td>0.000230</td></tr>
<tr><td>40</td><td>0.000540</td><td>0.000329</td></tr>
<tr><td>45</td><td>0.000717</td><td>0.000519</td></tr>
<tr><td>50</td><td>0.000966</td><td>0.000765</td></tr>
<tr><td>55</td><td>0.002228</td><td>0.001345</td></tr>
<tr><td>60</td><td>0.003147</td><td>0.001935</td></tr>
<tr><td>65</td><td>0.004814</td><td>0.002974</td></tr>
<tr><td>70</td><td>0.007979</td><td>0.005057</td></tr>
<tr><td>75</td><td>0.013576</td><td>0.009155</td></tr>
<tr><td>80</td><td>0.024949</td><td>0.017103</td></tr>
</table></td></tr>
</table>

11. Separation Rates	Select and ultimate termination rates at sample ages and years of service are shown below:

Age	Service	Male	Female
	0	17.7%	15.0%
	1	11.4	10.5
	2	7.3	7.1
	3	5.2	5.5
	4	3.9	4.6
	5	3.0	4.0
	6	2.8	3.5
	7	2.5	3.0
	8	2.0	2.5
	9	1.8	2.3
25	10 or more	1.8	2.2
30		1.4	1.9
35		1.2	1.4
40		1.1	1.1
45		1.0	0.9
50		1.0	0.9
55		1.0	0.9
60		1.0	0.9

No separation rates are assumed after eligibility for retirement

12. Disablement Rates	Active participant disability rates at sample ages:

Age	Male	Female
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	0.04	0.06
50	0.11	0.12
55	0.21	0.17
60	0.34	0.25