Source:
Irvington Union Free School District Financial Statements as of June 30, 2013 Together with Independent Auditor's Report
http://www.irvingtonschools.org/files/_tEKwm_/a8efd4afd1651abe3745a49013852ec4/
Irvington_Union_Free_School_District_2013_FS

11. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The District provides certain other post-employment benefits (predominately health insurance) for retired employees of the District. The District administers the Other Post Employment Benefits Plan (the "OPEB Plan") as a single-employer defined benefit Other Post Employment Benefit Plan (OPEB).

In general, the District provides health insurance coverage for retired employees and their survivors. Substantially all the District's employees may become eligible for this benefit if they reach age 55 and retire with 10-20 years of service to the District.

The Retirement Plan can be amended by action of the District subject to applicable collective bargaining and employment agreements. The number of retired employees currently eligible to receive benefits at June 30, 2013, was approximately 98. The OPEB Plan does not issue a stand-alone financial report because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Funding Policy

The obligations of the OPEB Plan are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0% to 65%, depending on whether its employee or spouse. The District will pay its portion of the premium for the retiree and spouse for the lifetime of the retiree. The costs of administering the OPEB Plan are paid by the District. The District currently contributes enough money to the OPEB Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amount paid during 2013 by the District was $1,831,350.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Retirement Plan, and the changes in the District's net OPEB obligation:

Annual required contribution	$ 7,927,429
Interest on net OPEB obligation	882,262
Adjustment to ARC	(1,250,763)
Annual OPEB cost (expense)	7,558,928
Contributions made	(1,831,350)
Increase in net OPEB obligation	5,727,578
Net OPEB obligation - beginning of year	22,056,552
Net OPEB obligation - end of year	$ 27,784,130
Percentage of annual OPEB cost contributed	24.2%

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Trend information – The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Year Ended	OPEB Cost	Contribution (ARC)	OPEB Cost Contributed	% of ARC Contributed	OPEB Obligation
6/30/13	$ 7,558,928	$ 7,927,429	$ (1,831,350)	-23.1%	$ 27,784,130
6/30/12	6,763,429	6,763,429	(1,564,195)	-23.1%	22,056,552
6/30/11	6,813,437	6,813,437	(1,450,000)	-21.3%	16,857,318

Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The OPEB Plan is currently not funded.

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits. In the future, the schedule will provide multi-year trend information about the value of plan assets relative to the AAL.

Schedule of Funding Progress for the District's Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2012	$ -	$ 77,832,540	$ 77,832,540	0.0%	$ 24,365,536	319%
7/1/2011	$ -	$ 66,168,837	$ 66,168,837	0.0%	$ 24,055,521	275%
7/1/2010	$ -	$ 66,167,808	$ 66,167,808	0.0%	$ 22,071,527	300%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Projected unit credit
Discount rate*	4.0%
Medical care cost trend rate	7.50%
Unfunded actuarial accrued liability:	
Amortization period	29 years
Amortization method	Level dollar
Amortization basis	Open