REED UNION SCHOOL DISTRICT

Actuarial Study of Retiree Health Liabilities Under GASB 74/75

Fiscal Year Ending June 30, 2025

Summary of Report by Foster & Foster Actuaries and Consultants

Dated September 15, 2025

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What is GASB 74/75?

- Accounting standards issued by the Governmental Accounting Standards Board (GASB).
- GASB 74: Applies to OPEB plans that have a trust agreement in place or an equivalent arrangement. It focuses on the financial reporting requirements for these plans.
    - RUSD Board of Trustees established a California Employers Retiree Benefit Trust (CERBT) in FY 2015/16.
    - This is represented as the District's "Fiduciary Net Position."
- GASB 75: Establishes accounting and financial reporting requirements for governments that provide OPEB benefits to their employees.
    - The District provides Retiree Health Benefits.
    - $158 / Month (Employer Contribution for Retiree Health Plan)
    - $355 / Month Reimbursement

Description of Retiree Benefits

	Hired January 1, 2009 and before	*Hired after January 1, 2009*
Benefit types provided	Medical Only	Medical Only
Duration of Benefits*	PEHMCA statutory minimum contribution: Lifetime Supplemental contribution of $355 per month: to age 65	PEHMCA statutory minimum contribution: Lifetime Supplemental contribution of $355 per month: to age 65
Required Service	STRS or PERS Retirement	STRS or PERS Retirement
Minimum Age	STRS or PERS Retirement and Age 55 for supplemental	STRS or PERS Retirement and Age 55 for supplemental
Dependent Coverage	Yes	Yes
District Contribution %	100%	10 years of service or less - 0% Between 10 and 20 years of service - 50% 20 or more years of service - 100%
District Cap	PEMHCA statutory minimum Pre-65 Supplemental cap: $355/month	PEMHCA statutory minimum Pre-65 Supplemental cap: $355/month

** Total Compensation Systems Report Dated 9/15/2025*

*** PEHMCA: Public Employees' Medical & Hospital Care Act*

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Key Results	Current Year *June 30, 2025 Measurement Date* *for June 30, 2025 Fiscal Year-End*	Prior Year *June 30, 2024 Measurement Date* *for June 30, 2024 Fiscal Year-End*
Total OPEB Liability (TOL)	$3,272,221	$3,094,111
Fiduciary Net Position (FNP)	$1,768,744	$1,386,454
Net OPEB Liability (NOL)	$1,503,477	$1,707,657

** Total Compensation Systems Report Dated 9/15/2025*

- **OPEB:** Other Post Employment Benefits. It refers to the benefits, other than pensions, that a government employee receives after they retire. For the Reed Union School District, OPEB refers to retiree health insurance.

- **Total OPEB Liability:** Actuarial Present Value of projected future benefits payments (APVPBP) associated with all current participants (retired, post 65 retired, and CURRENT non-retired employees projected future participation.

- **Fiduciary Net Position:** The net assets of a trust fund established to hold assets for a specific purpose. In the context of Other Post-Employment Benefits (OPEB), it represents the assets of the trust fund set aside to pay for future retiree health benefits. FY 25/26 1st Interim Budget: $200k Contribution.

- **Net OPEB Liability:** The long-term financial obligation that a government entity has to its employees for benefits like health insurance after they retire, minus the assets held in the trust fund (Fiduciary Net Position).

Summary of Census Data used for Valuation

	Current Year *June 30, 2025 Valuation Date* *June 30, 2025 Measurement Date*
Active Employees eligible for future benefits	
Count	126
Average Age	49.4
Average Years of Service	9.8
Retirees currently receiving benefits	
Count	55
Average Age	75.9

** Total Compensation Systems Report Dated 9/15/25*

*** Based on Census Data provided as part of the Valuation Study in June 30, 2025.*

Pay-As-You-Go Projection of Annual Payments for the Employer Share

Year Beginning July 1	*Employer Share of Retiree Premium*	*Implicit Rate Subsidy*	*Total Projected Benefit Payments*
2025	$125,274	$29,684	$154,958
2026	$136,255	$44,047	$180,302
2027	$131,080	$39,151	$170,231
2028	$145,157	$56,538	$201,695
2029	$152,475	$64,169	$216,644
2030	$161,588	$72,529	$234,117
2031	$174,207	$88,323	$262,530
2032	$186,199	$97,271	$283,470
2033	$195,016	$100,566	$295,582
2034	$217,077	$132,341	$349,418

** Total Compensation Systems Report Dated 9/15/2025*

*** The implicit rate subsidy represents the difference between retiree premium rates and the underlying cost of retiree coverage. Retirees pay the same premium for health insurance as active employees. However, the actual healthcare costs for retirees are significantly higher than those for active employees.*