



State of Delaware Postretirement Health Plan

**GASB 74/75 Report
as of June 30, 2017
Measurement Date**

**Produced by Cheiron
November 2017**

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LETTER OF TRANSMITTAL

November 1, 2017

Mr. David Craik
Pension Administrator
Delaware Public Employees Retirement System
860 Silver Lake Boulevard, Suite 1
Dover, Delaware 19904

Dear Dave:

The purpose of this report is to provide accounting and financial reporting information under the Governmental Accounting Standards Board (GASB) Statement No. 74 for the Postretirement Health Plan provided by the State of Delaware (Plan) and under GASB No. 75 for the participating employers of the Plan in aggregate. This information includes:

- Determination of the discount rate as of June 30, 2017;
- Total OPEB liability sensitivity information;
- Note disclosures and required supplementary information under GASB 74 for the Plan, and
- Determination of collective amounts under GASB 75.

This report provides GASB 74 and 75 information as of the June 30, 2017 measurement date. We will send schedules for the financial reporting of the individual participating employers under GASB 75 in a separate cover once we receive the allocations.

If you have any questions about the report or would like additional information, please let us know.

Sincerely,
Cheiron

A handwritten signature in blue ink that reads "Margaret Tempkin".

Margaret Tempkin, FSA, EA, MAAA
Principal Consulting Actuary

**STATE OF DELAWARE POSTRETIREMENT HEALTH
GASB 74 AND 75 REPORTING FOR JUNE 30, 2017 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial disclosure information under Governmental Accounting Standards Board (GASB) Statement Nos. 74 for the Postretirement Health Plan provided by the State of Delaware and the information for the participating employers in the aggregate. This information includes:

- Determination of the discount rate as of June 30, 2017,
- Total OPEB liability sensitivity information,
- Note disclosures and required supplementary information under GASB 74 for the Plan, and
- Determination of collective amounts under GASB 75.

This report does not include information on the allocation of the collective GASB 75 information for each of the separate participating employers. This will be provided separately when the information regarding the allocation is available.

Highlights

The measurement date for the Postretirement Health Plan provided by the State of Delaware (Plan) contained in this report is June 30, 2017. This measurement date is used for the Plan’s GASB 74 reporting as of the June 30, 2017 reporting date and for the employers’ GASB 75 reporting as of the June 30, 2018 reporting date. Measurements are based on the fair value of assets as of June 30, 2017, and the total OPEB liability as of the valuation date, also June 30, 2016, updated to a June 30, 2017 measurement date.

The table below provides a summary of the key results during this measurement period for the Plan in total.

Table I-1			
Summary of Collective Results			
		Measurement Date	
		6/30/2017	6/30/2016
Net OPEB Liability	\$	8,255,643,502	\$ 9,084,096,432
Deferred Outflows		0	0
Deferred Inflows		883,752,296	0
Net Impact on Statement of Net Position	\$	9,139,395,798	\$ 9,084,096,432
OPEB Expense (\$ Amount)	\$	292,679,320	N/A
OPEB Expense (% of Payroll)		14.38%	N/A

**STATE OF DELAWARE POSTRETIREMENT HEALTH
GASB 74 AND 75 REPORTING FOR JUNE 30, 2017 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

The net OPEB liability (NOL) decreased approximately \$829 million during the measurement period. The change in NOL due to investment gains and losses are recognized into OPEB expense over five years, beginning in the year of occurrence. The change in NOL due to actuarial gains and losses as well as assumption changes are recognized over the average remaining service life, determined at the beginning of each measurement period, which is four years as of both the current and prior measurement period for the Plan. Unrecognized amounts are reported as deferred outflows of resources (DOR) and deferred inflows of resources (DIR).

At the June 30, 2017 measurement date, the State of Delaware and the other participating employers will, in aggregate, report a net OPEB liability (asset) of \$8,255,643,502, deferred outflows of resources of \$ 0 and deferred inflows of resources of \$883,752,296 related to the Plan. Consequently, the net impact, equal to the NOL minus the DOR plus the DIR, on the aggregate of the participating employers' statements of net position due to the Plan would be \$9,139,395,798 [$\$9,139,395,798 = \$8,255,643,502 - \$0 + \$883,752,296$] as of the June 30, 2017 measurement date, decreasing the aggregate net position of the participating employers.

For the measurement year ending June 30, 2017, the collective annual OPEB expense is \$292,679,320 or 14.38% of covered-employee payroll. This amount is not related to participating employers' contributions to the Plan, equal to \$237,379,954 during the measurement period, but instead represents the aggregate employer contributions plus the change in the net impact on the aggregate of the participating employers' statements of net position [$\$292,679,320 = \$237,379,954 + \$(828,452,930) - \$(883,752,296)$]. Volatility in OPEB expense from year to year is to be expected. It will largely be driven by the change in the discount rate, but other changes can also have a significant impact. A breakdown of the components of the net collective OPEB expense is shown in section VI of this report.

In addition to the information shown above, any contributions between the measurement date and the reporting date would be reported as deferred outflows to resources to offset the cash outflows reported.

**STATE OF DELAWARE POSTRETIREMENT HEALTH
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SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB No. 74 for the Postretirement Health Plan provided by the State of Delaware (Plan) and under GASB No. 75 for the participating employers of the Plan. This report is for the use of the Postretirement Health Plan provided by the State of Delaware, the participating employers, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for the Plan.

In preparing our report, we relied on information, some oral and some written, supplied by the Plan. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices that are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board including the use of assumptions and methods for funding purposes that comply with the Actuarial Standards of Practice. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This report was prepared for the Plan for the purposes described herein and for the use by the plan and employer auditors in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.



Margaret A. Tempkin, FSA, MAAA
Principal Consulting Actuary



Michael W. Schionning, FSA, MAAA
Principal Consulting Actuary

**STATE OF DELAWARE POSTRETIREMENT HEALTH
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SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the total OPEB liability as of June 30, 2016 was 2.85%. The discount rate used to measure the total OPEB liability as of June 30, 2017 was 3.58%. Additional information about these rates is provided in Appendix B.

In developing the projection of cash flows used to determine the discount rate, we have assumed that employer contributions to the Plan will continue to follow the pay as you go contribution policy. Based on the assumptions of a pay as you go plan, the discount rate used at the June 30, 2017 measurement date is equal to the applicable rate of the 20-year obligation bond as described by the GASB statements.

**CITY OF FALLS CHURCH BASIC OPEB PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2017 MEASUREMENT DATE**

SECTION IV – TOTAL OPEB LIABILITY SENSITIVITY

The table below shows the total OPEB liability (TOL) amounts at discount rates equal to the rate used for measuring the TOL at the June 30, 2017 measurement date as well as plus and minus one percent from that rate.

Table IV - 1 Total OPEB Liability Sensitivity at 6/30/2017 Measurement Date			
Discount Rate	2.58%	3.58%	4.58%
Valuation Collective Total OPEB Liability, 6/30/2016			
Actives	\$ 5,359,701,133	\$ 4,342,667,395	\$ 3,565,559,329
Retirees	<u>4,506,793,069</u>	<u>3,930,022,748</u>	<u>3,467,562,700</u>
Total	\$ 9,866,494,202	\$ 8,272,690,143	\$ 7,033,122,029
Service Cost	367,686,455	277,605,084	212,001,667
Benefit Payments	(236,332,293)	(236,332,293)	(236,332,293)
Interest	256,239,228	296,894,594	321,566,056
Collective Total OPEB Liability, 6/30/2017	\$ 10,254,087,592	\$ 8,610,857,528	\$ 7,330,357,459

The table below shows the total OPEB liability (TOL) amounts at healthcare trend rates equal to the rate used for measuring the TOL at the June 30, 2017 measurement date as well as plus and minus one percent from that rate.

Table IV - 2 Total OPEB Liability Sensitivity at 6/30/2017 Measurement Date			
Healthcare Trends	-1.00%	Baseline	1.00%
Valuation Collective Total OPEB Liability, 6/30/2016			
Actives	\$ 3,645,542,994	\$ 4,342,667,395	\$ 5,176,824,193
Retirees	<u>3,488,663,309</u>	<u>3,930,022,748</u>	<u>4,467,634,606</u>
Total	\$ 7,134,206,303	\$ 8,272,690,143	\$ 9,644,458,799
Service Cost	192,724,864	277,605,084	404,751,394
Benefit Payments	(236,332,293)	(236,332,293)	(236,332,293)
Interest	254,630,877	296,894,594	348,259,817
Collective Total OPEB Liability, 6/30/2017	\$ 7,345,229,750	\$ 8,610,857,528	\$ 10,161,137,718

Net OPEB liability (NOL) sensitivity disclosures required under GASB No. 74 and No. 75 are developed based on this information in tables V-2 and V-3 in section V of this report.

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SECTION V – GASB 74 REPORTING INFORMATION

Note Disclosures

The table below shows the changes in the total OPEB liability (TOL), the plan fiduciary net position (i.e., fair value of Plan assets) (FNP), and the net OPEB liability (NOL) during the measurement period ending on June 30, 2017.

Table V - 1 Change in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2016	\$ 9,394,071,001	\$ 309,974,569	\$ 9,084,096,432
Changes for the year:			
Service cost	340,455,591		340,455,591
Interest	269,204,357		269,204,357
Changes of benefits	0		0
Differences between expected and actual experience	0		0
Changes of assumptions	(1,156,541,128)		(1,156,541,128)
Contributions - employer		237,379,954	(237,379,954)
Contributions - member		11,980,789	(11,980,789)
Net investment income		32,297,536	(32,297,536)
Benefit payments	(236,332,293)	(236,332,293)	0
Administrative expense		(86,529)	86,529
Net changes	<u>(783,213,473)</u>	<u>45,239,457</u>	<u>(828,452,930)</u>
Balances at 6/30/2017	<u>\$ 8,610,857,528</u>	<u>\$ 355,214,026</u>	<u>\$ 8,255,643,502</u>

During the measurement year, the collective NOL decreased by approximately \$829 million. The service cost and interest cost increased the NOL by approximately \$609.7 million while contributions plus investment gains offset by administrative expenses decreased the NOL by approximately \$281.6 million.

There were no changes in benefits during the year. There was a change to the discount rate assumption during the measurement year, which decreased the TOL by approximately \$1,156.5 million. Because the beginning and ending values are based on the same actuarial valuation and there were no significant events, no liability gains or losses during the year due to experience are reported.

**STATE OF DELAWARE POSTRETIREMENT HEALTH
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SECTION V – GASB 74 REPORTING INFORMATION

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the collective NOL to the discount rate.

Table V - 2			
Sensitivity of Net OPEB Liability to Changes in Discount Rate			
	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability	\$ 10,254,087,592	\$ 8,610,857,528	\$ 7,330,357,459
Plan Fiduciary Net Position	355,214,026	355,214,026	355,214,026
Collective Net OPEB Liability	<u>\$ 9,898,873,566</u>	<u>\$ 8,255,643,502</u>	<u>\$ 6,975,143,433</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.5%	4.1%	4.8%

A one percent decrease in the discount rate increases the TOL by approximately 19% and increases the collective NOL by approximately 20%. A one percent increase in the discount rate decreases the TOL by approximately 15% and decreases the collective NOL by approximately 16%.

Changes in the healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the collective NOL to the healthcare trends.

Table V - 3			
Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates			
	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	\$ 7,345,229,750	\$ 8,610,857,528	\$ 10,161,137,718
Plan Fiduciary Net Position	355,214,026	355,214,026	355,214,026
Collective Net OPEB Liability	<u>\$ 6,990,015,724</u>	<u>\$ 8,255,643,502</u>	<u>\$ 9,805,923,692</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.8%	4.1%	3.5%

A one percent decrease in the healthcare trends decreases the TOL by approximately 15% and increases the collective NOL by approximately 15%. A one percent increase in the discount rate decreases the TOL by approximately 18% and decreases the collective NOL by approximately 19%.

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SECTION V – GASB 74 REPORTING INFORMATION

Required Supplementary Information

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 74, and eventually will build up to 10 years of information.

The schedule below shows the changes in NOL and related ratios required by GASB.

Table V - 4	
Schedule of Changes in Net OPEB Liability and Related Ratios	
	FYE 2017
<u>Total OPEB Liability</u>	
Service cost (MOY)	\$ 340,455,591
Interest (includes interest on service cost)	269,204,357
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions	(1,156,541,128)
Benefit payments, including refunds of member contributions	<u>(236,332,293)</u>
Net change in total OPEB liability	\$ (783,213,473)
Total OPEB liability - beginning	<u>9,394,071,001</u>
Total OPEB liability - ending	<u><u>\$ 8,610,857,528</u></u>
<u>Plan fiduciary net position</u>	
Contributions - employer	\$ 237,379,954
Contributions - member	11,980,789
Net investment income	32,297,536
Benefit payments, including refunds of member contributions	(236,332,293)
Administrative expense	<u>(86,529)</u>
Net change in plan fiduciary net position	\$ 45,239,457
Plan fiduciary net position - beginning	<u>309,974,569</u>
Plan fiduciary net position - ending	<u><u>\$ 355,214,026</u></u>
Net OPEB liability - ending	<u><u>\$ 8,255,643,502</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	4.13%
Covered employee payroll	\$ 2,035,244,237
Net OPEB liability as a percentage of covered employee payroll	405.63%

**STATE OF DELAWARE POSTRETIREMENT HEALTH
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SECTION V – GASB 74 REPORTING INFORMATION

The Plan is not currently being pre-funded and so there is no actuarially determined contribution shown below. The actuarially determined contribution is a target or recommended contribution to the defined benefit OPEB plan for the reporting period, determined conformity with Actuarial Standards of Practice based on the most recent measurement available when the contributions for the reporting period was adopted. The Actuarial Required Contribution (ARC) determined under GASB 45 is not a recommended contribution under Actuarial Standards of Practice, and thus not shown below. If the Plan decides to pre-fund the liabilities, we will provide an appropriate actuarially determined contribution.

**STATE OF DELAWARE POSTRETIREMENT HEALTH
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SECTION VI – GASB 75 COLLECTIVE AMOUNTS

Employers that participate in the Plan are required to implement GASB 75 for their first fiscal year that commenced after June 15, 2017. The amounts reported as of their fiscal year end (their reporting date) must be based on a measurement date up to 12 months and one day prior to their reporting date. For employers with a reporting date of June 30, their 2018 disclosures can be based on either the June 30, 2017 or 2018 measurement dates. We understand that all of the employers have elected to implement GASB 75 based on the 2017 measurement date for their 2018 reporting date. As a result, the GASB 75 schedules in this section will be used for 2018 employer reporting.

Because the Plan is a cost-sharing multiple-employer OPEB plan, each employer participating in the Plan must reflect a portion of the collective net OPEB liability, OPEB expense, deferred outflows, and deferred inflows in their financial statements. This section develops the collective amounts that are based on the aggregate of the employers and are then allocated to participating employers.

The impact of experience gains or losses and assumption changes on the TOL are recognized in expense over the average expected remaining service life of all active and inactive members of the Plan. As of the measurement date, this recognition period was four years.

During the year, there were no experience gains or losses.

There was a change in discount rate assumptions from 2016 to 2017, leading to a decrease in the TOL of approximately \$1,157 million. Approximately \$289 million of that gain was recognized as a decrease in OPEB expense in the current year and an identical amount will be recognized in each of the next three years, resulting in a deferred inflow of resources as of June 30, 2017 of approximately \$867 million due to the current year.

The impact of investment gains or losses is recognized over a period of five years for all plans. During the measurement year, there was an investment gain of approximately \$20.4 million. Approximately \$4.1 million of that gain was recognized in the current year and an identical amount will be recognized in each of the next four years, resulting in a deferred inflow of resources as of June 30, 2017 of approximately \$16.3 million.

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SECTION VI – GASB 75 COLLECTIVE AMOUNTS

The table below summarizes the current balances of deferred outflows and deferred inflows of resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter, if any.

Table VI - 1		
Schedule of Deferred Inflows and Outflows of Resources as of June 30, 2017 Measurement Date		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ -
Changes in assumptions	0	867,405,846
Net difference between projected and actual earnings on OPEB plan investments	0	16,346,450
Total	\$ -	\$ 883,752,296
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:		
Year ended December 31:		
2018	(293,221,894)	
2019	(293,221,894)	
2020	(293,221,894)	
2021	(4,086,614)	
2022	0	
Thereafter	\$ 0	

The collective annual OPEB expense recognized by the participating employers in aggregate can be calculated two different ways. First, it is the change in the amounts reported on the participating employers' Statements of Net Position that relate to the Plan and are not attributable to employer contributions. That is, it is the change in collective NOL minus the change in collective deferred outflows plus the change in collective deferred inflows plus participating employer contributions during the year.

Alternatively, annual OPEB expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table on the next page, we believe it helps to understand the level and volatility of the collective OPEB expense.

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SECTION VI – GASB 75 COLLECTIVE AMOUNTS

The table below shows the development of collective OPEB expense through both of these methodologies.

Table VI - 2 Calculation of OPEB Expense	
	Measurement Year Ending 2017
Change in Net OPEB Liability	\$ (828,452,930)
Change in Deferred Outflows	-
Change in Deferred Inflows	883,752,296
Employer Contributions	<u>237,379,954</u>
OPEB Expense	\$ 292,679,320
OPEB Expense as % of Payroll	14.38%
Operating Expenses	
Service cost	\$ 340,455,591
Employee contributions	(11,980,789)
Administrative expenses	<u>86,529</u>
Total	\$ 328,561,331
Financing Expenses	
Interest cost	\$ 269,204,357
Expected return on assets	<u>(11,864,474)</u>
Total	\$ 257,339,883
Changes	
Benefit changes	\$ 0
Recognition of assumption changes	(289,135,282)
Recognition of liability gains and losses	-
Recognition of investment gains and losses	<u>(4,086,612)</u>
Total	\$ (293,221,894)
OPEB Expense	\$ 292,679,320

**STATE OF DELAWARE POSTRETIREMENT HEALTH
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SECTION VI – GASB 75 COLLECTIVE AMOUNTS

First, there are components referred to as operating expenses. These are items directly attributable to the operation of the Plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating the Plan for the year.

Second, there are the financing expenses: the interest on the total OPEB liability less the expected return on assets.

The final category is change. This category will drive most of the volatility in OPEB expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TOL, and investment gains or losses.

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APPENDIX A – MEMBERSHIP INFORMATION

Participant Data as of July 1, 2016

Census as of July 1, 2016					
	State Employees	Judges	Closed State Police	Open State Police	Total
Eligible Active Employees	36,189	58	0	703	36,950
Actives with coverage	29,332	54	0	649	30,035
Eligible Terminated Vesteds	3,374	1	0	9	3,384
Eligible LTDs	647	0	0	0	647
Retirees and Disableds with coverage	18,948	27	345	147	19,467
<u>Beneficiaries with coverage</u>	<u>2,112</u>	<u>14</u>	<u>92</u>	<u>4</u>	<u>2,222</u>
Total Inactives with coverage	21,060	41	437	151	21,689
<u>Spouses with coverage</u>	<u>8,050</u>	<u>20</u>	<u>261</u>	<u>111</u>	<u>8,442</u>
Total Inactives and Spouses with coverage	29,110	61	698	262	30,131
Total with coverage	58,442	115	698	911	60,166

Eligible Active Employees					
Age	State Employees	Judges	Closed State Police	Open State Police	Total
Under 25	900	0	0	26	926
25 to 30	3,235	0	0	88	3,323
30 to 35	3,839	0	0	109	3,948
35 to 40	4,194	3	0	116	4,313
40 to 45	4,412	2	0	133	4,547
45 to 50	5,266	6	0	151	5,423
50 to 55	5,301	11	0	78	5,390
55 to 60	4,755	9	0	2	4,766
60 to 65	2,937	9	0	0	2,946
<u>Over 65</u>	<u>1,350</u>	<u>18</u>	<u>0</u>	<u>0</u>	<u>1,368</u>
Total	36,189	58	0	703	36,950

Retirees, Disables and Beneficiaries with Coverage					
Age	State Employees	Judges	Closed State Police	Open State Police	Total
Under 50	135	0	0	11	146
50 to 55	389	0	0	30	419
55 to 60	1,159	0	10	83	1,252
60 to 65	2,827	0	47	26	2,900
65 to 70	4,749	7	102	1	4,859
70 to 75	4,232	8	119	0	4,359
75 to 80	2,905	9	81	0	2,995
80 to 85	2,224	9	37	0	2,270
85 to 90	1,498	4	26	0	1,528
<u>Over 90</u>	<u>942</u>	<u>4</u>	<u>15</u>	<u>0</u>	<u>961</u>
Total	21,060	41	437	151	21,689

Please refer to the June 30, 2016 actuarial valuation report for a more complete summary of the data.

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methodology used in developing the TOL as of June 30, 2017 are the same as those summarized in the June 30, 2016 actuarial valuation with the exception of the discount rate described below. GASB specific methodologies and assumptions are described in Appendix D.

The discount rate used to measure the TOL was 2.85% at the beginning of the current measurement period and 3.58% at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

The plan provisions are the same as those summarized in the June 30, 2016 actuarial valuation report. Please refer to this report for a complete summary.

APPENDIX D – GLOSSARY OF TERMS

1. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience gains on the total OPEB liability, assumption changes reducing the total OPEB liability, or investment gains that are recognized in future reporting periods.

4. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience losses on the total OPEB liability, assumption changes increasing the total OPEB liability, or investment losses that are recognized in future reporting periods.

5. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 74 and 75 calculations. 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 ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the total OPEB liability.

6. Measurement Date

The date as of which the total OPEB liability and plan fiduciary net position are measured. The total OPEB liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the plan.

APPENDIX D – GLOSSARY OF TERMS

7. Net OPEB Liability

The liability of employers and nonemployer contributing entities for employees for benefits provided through a defined benefit OPEB plan. It is calculated as the total OPEB liability less the plan fiduciary net position.

8. Plan Fiduciary Net Position

The fair or Market Value of Assets.

9. Reporting Date

The last day of the plan or employer's fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 74 and 75. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

11. Total OPEB Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 74 and 75. The total OPEB liability is the actuarial liability calculated under the entry age actuarial cost method.