

**Nashoba Regional School District**

*Actuarial Valuation and Review of Other Postemployment  
Benefits (OPEB) as of December 31, 2006  
In Accordance with GASB Statements Number 43 and 45*

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*September 17, 2007*

*Mr. George P. King  
Assistant Superintendent for Finance  
Nashoba Regional School District  
Central Office  
50 Mechanic Street  
Bolton, MA 01740*

*Dear Mr. King:*

*We are pleased to submit this report on our actuarial valuation of postemployment welfare benefits as of December 31, 2006 under GASB Statements Number 43 and 45. It establishes the liabilities of the postemployment welfare benefit plan in accordance with GASB Statements Number 43 and 45 for the fiscal year beginning July 1, 2007 and summarizes the actuarial data.*

*This report is based on information received from the Nashoba Regional School District. The actuarial projections were based on the assumptions and methods described in Exhibit II and on the plan of benefits as summarized in Exhibit III.*

*We look forward to discussing this material with you at your convenience.*

*Sincerely,*

THE SEGAL COMPANY

By: 

*Kathleen A. Riley, FSA, MAAA  
Senior Vice President and Actuary*

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**PURPOSE**

This report presents the results of our actuarial valuation of the Nashoba Regional School District postemployment welfare benefit program as of December 31, 2006. The results are in accordance with the Governmental Accounting Standards (as if they were effective July 1, 2007), which prescribe an accrual methodology for accumulating the value of postemployment welfare benefits over participants' active working lifetimes. The accounting standard supplements cash accounting, under which the expense for postemployment benefits is equal to benefit and administrative costs paid on behalf of retirees and their dependents (*i.e.*, a pay-as-you-go basis).

Actuarial computations under GASB are for purposes of fulfilling certain accounting requirements. The calculations reported in this report have been made on a basis consistent with our understanding of GASB. Determinations for purposes other than meeting the financial accounting requirements of GASB may differ significantly from the results reported here.

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members.

Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short term volatility in accrued liabilities and the actuarial value of assets, if any.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the District is required to implement a funding policy to satisfy the projected expense.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**ACCOUNTING REQUIREMENTS**

The Governmental Accounting Standards Board (GASB) issued Statement Number 43 -- *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement Number 45 -- *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Under these statements, all state and local government entities that provide other post employment benefits (OPEB) are required to report the cost of these benefits on their financial statements.

The statements include postemployment benefits of health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are *not* offered as part of a pension plan; and long-term disability insurance for employees. These benefits, referred to as OPEB, are typically financed on a pay-as-you-go basis. The new standard introduces an accrual-basis accounting requirement; thereby recognizing the employer cost of postemployment benefits over an employee's career. The standards also introduce a consistent accounting requirement for both pension and non-pension benefits.

The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. This amount is then discounted to determine the actuarial present value of the total projected benefits (APB). The actuarial accrued liability (AAL) is the portion of the present value of the total projected benefits allocated to years of employment prior to the measurement date. The unfunded actuarial accrued liability (UAAL) is the difference between the AAL and actuarial value of assets in the Plan.

Once the UAAL is determined, the Annual Required Contribution (ARC) is determined as the normal cost (the APB allocated to the current year of service) and the amortization of the UAAL. This ARC is compared to actual contributions made and any difference is reported as the net OPEB obligation (NOO). In addition, required supplementary information (RSI) is required. This information includes historical information about the UAAL and the progress in funding the Plan.

**SECTION 2: Valuation Results for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

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**HIGHLIGHTS OF THE VALUATION**

The results of the valuation show a significant increase in expense for OPEB compared to the current accounting method.

The GASB statements provide the method for selecting the investment return assumption (discount rate). If the benefits are pre-funded, the discount rate should be based on the estimated long-term investment yield on the investments expected to be used to finance the payment of benefits. A pre-funded discount rate is used when the District's funding policy is to contribute consistently an amount at least equal to the ARC. If financing continues to be pay-as-you-go, the discount rate should be based on the expected yield on the assets of the employer. For the purpose of this valuation, we have used 8.50% and 5.0%, respectively, for pre-funded and pay-as-you-go.

Because pay-as-you-go accounting assumes a lower interest rate to discount the liabilities, the liabilities appear larger and the expense allocated to the current fiscal year is higher. The lower expense shown for the pre-funded approach is based on the assumption of a higher rate of investment return, which ultimately means more benefits are provided by investment earnings and fewer benefits are provided by District contributions.

The GASB statements allow the use of one of six funding methods to determine the actuarial liabilities. For this report, we are calculating the ARC under two methods - the entry age normal cost method (which is the cost method used by the Worcester Regional Retirement System) and the projected unit credit cost method (which is the cost method required under Financial Accounting Standards Board Statement No. 106).

To determine the amortization payment on the unfunded actuarial accrued liability (UAAL), an amortization period and amortization method must be selected. We have used a 30-year amortization of the UAAL (the maximum permitted by the GASB statements).

The GASB statements permit either level dollar or level percentage of payroll amortization. We have calculated two options - level dollar amortization payments and payments that increase at 4.5% per year.

Assets set aside to fund OPEB liabilities must be held in a trust or equivalent arrangement, through which assets are accumulated and benefits are paid as they come due. Employer contributions to the plan are irrevocable, plan assets are dedicated to providing benefits to retirees and their spouses in accordance with the terms of the plan, and plan assets are legally protected from creditors of the employer.

During the fiscal year ending June 30, 2008, we project the Nashoba Regional School District will pay claims and expenses (net of retiree contributions) on behalf of all retired employees of about \$850,900. Under current accounting rules, this is the District's "cost" of those benefit programs for retirees. Under the new accounting rules, the annual "cost" is projected to increase significantly, depending on the funding method, the discount rate and the amortization method. On page 5 we show the calculation of eight alternative ARCs which range from \$2,560,000 to \$5,931,000.

**SECTION 2: Valuation Results for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

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GASB requires that governments with total annual revenues of \$100 million or more comply with GASB 45 for fiscal years beginning after December 15, 2006. Governments with total annual revenues of more than \$10 million but less than \$100 million comply with GASB 45 for fiscal years beginning after December 15, 2006. Governments with total annual revenues of less than \$10 million comply with GASB 45 for fiscal years beginning after December 15, 2008. For government plans that must also comply with GASB 43, the effective dates for GASB 43 are one year earlier.

**SECTION 2: Valuation Results for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**SUMMARY OF VALUATION RESULTS  
ALL DEPARTMENTS**

*The key results and significant assumptions for the current year are shown on a pre-funded basis and a pay-as-you-go basis.*

	Pre-funded (8.50% interest rate)		Pay-as-you-go (5.00% interest rate)	
	Projected Unit Credit	Entry Age Normal	Projected Unit Credit	Entry Age Normal
<b>Actuarial Accrued Liability by Participant Category</b>				
Current retirees, beneficiaries and dependents	\$11,620,489	\$11,620,489	\$16,850,241	\$16,850,241
Current active members	<u>15,764,874</u>	<u>17,962,296</u>	<u>32,902,216</u>	<u>36,171,299</u>
Total as of January 1, 2007	\$27,385,363	\$29,582,785	\$49,752,457	\$53,021,540
Total as of July 1, 2007	\$28,584,279	\$30,881,412	\$51,673,835	\$55,122,861
<b>Annual Required Contribution for Fiscal Year Ending June 30, 2008*</b>				
Normal cost as of January 1, 2007	\$876,774	\$892,566	\$2,122,300	\$2,315,944
Normal cost as of July 1, 2007	898,426	914,608	2,174,711	2,373,137
Adjustment for timing	<u>37,404</u>	<u>38,078</u>	<u>53,705</u>	<u>58,605</u>
Normal cost adjusted for timing	\$935,830	\$952,686	\$2,228,416	\$2,431,742
<b>Option 1: Level amortization payments</b>				
30-year amortization of the unfunded actuarial accrued liability (UAAL) as of July 1, 2007	\$2,451,414	\$2,648,418	\$3,201,388	\$3,415,068
Adjustment for timing	<u>102,061</u>	<u>110,262</u>	<u>79,058</u>	<u>84,336</u>
Amortization payment adjusted for timing	\$2,553,475	\$2,758,680	\$3,280,446	\$3,499,404
Total Annual Required Contribution (ARC) under Option 1	\$3,489,305	\$3,711,366	\$5,508,862	\$5,931,146
<b>Option 2: Amortization payments increasing at 4.5% per year</b>				
30-year amortization of the unfunded actuarial accrued liability (UAAL) as of July 1, 2007	\$1,558,962	\$1,684,246	\$1,844,325	\$1,967,427
Adjustment for timing	<u>64,905</u>	<u>70,120</u>	<u>45,546</u>	<u>48,586</u>
Amortization payment adjusted for timing	\$1,623,867	\$1,754,366	\$1,889,871	\$2,016,013
Total Annual Required Contribution (ARC) under Option 2	\$2,559,697	\$2,707,052	\$4,118,287	\$4,447,755

\* Adjustment for timing assumes payment in the middle of the year.



**SECTION 2: Valuation Results for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**FUNDING SCHEDULES**

**30 Years (8.50% discount rate), payments increasing at 4.5%\*  
Projected Unit Credit cost method**

(1) Fiscal Year Ended June 30	(2) Projected Benefit Payments	(3) Normal Cost Amortization with Interest of UAAL	(4) Total Funding Requirement: (3) + (4)	(5) Additional Funding: (5) - (2)	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year:	(9) (8) - (7)
2008	\$850,919	\$935,830	\$1,623,867	\$2,559,697	\$1,708,778	\$1,779,920	\$31,102,389	\$29,322,469
2009	999,497	982,622	1,696,941	2,679,363	1,680,066	3,681,226	33,728,514	30,047,288
2010	1,159,649	1,031,753	1,773,303	2,805,056	1,645,407	5,708,040	36,462,216	30,754,176
2011	1,328,711	1,083,340	1,853,102	2,936,442	1,607,731	7,867,890	39,305,918	31,438,028
2012	1,505,033	1,137,507	1,936,492	3,073,999	1,568,966	10,170,949	42,264,095	32,093,146
2013	1,689,919	1,194,383	2,023,634	3,218,016	1,528,097	12,627,196	45,340,376	32,713,179
2014	1,876,742	1,254,102	2,114,697	3,368,799	1,492,057	15,254,684	48,545,745	33,291,060
2015	2,071,431	1,316,807	2,209,859	3,526,665	1,455,234	18,067,153	51,886,091	33,818,938
2016	2,291,376	1,382,647	2,309,302	3,691,949	1,400,574	21,061,746	55,349,847	34,288,102
2017	2,534,321	1,451,779	2,413,221	3,865,000	1,330,679	24,238,074	58,926,973	34,688,899
2018	2,726,490	1,524,368	2,521,816	4,046,184	1,319,695	27,672,948	62,683,596	35,010,648
2019	2,862,814	1,600,587	2,635,298	4,235,884	1,373,070	31,455,384	66,696,923	35,241,539
2020	3,005,955	1,680,616	2,753,886	4,434,502	1,428,547	35,617,114	70,985,645	35,368,531
2021	3,156,253	1,764,647	2,877,811	4,642,458	1,486,205	40,192,650	75,569,882	35,377,232
2022	3,314,065	1,852,879	3,007,312	4,860,192	1,546,126	45,219,522	80,471,302	35,251,780
2023	3,479,769	1,945,523	3,142,641	5,088,165	1,608,396	50,738,540	85,713,242	34,974,702
2024	3,653,757	2,042,800	3,284,060	5,326,860	1,673,103	56,794,075	91,320,840	34,526,765
2025	3,836,445	2,144,940	3,431,843	5,576,782	1,740,337	63,434,365	97,321,183	33,886,818
2026	4,028,267	2,252,186	3,586,276	5,838,462	1,810,195	70,711,846	103,743,459	33,031,613
2027	4,229,680	2,364,796	3,747,658	6,112,454	1,882,774	78,683,512	110,619,127	31,935,615
2028	4,441,165	2,483,036	3,916,303	6,399,338	1,958,174	87,411,310	117,982,100	30,570,790
2029	4,663,223	2,607,187	4,092,536	6,699,724	2,036,501	96,962,559	125,868,944	28,906,385
2030	4,896,384	2,737,547	4,276,701	7,014,247	2,117,863	107,410,413	134,319,087	26,908,674
2031	5,141,203	2,874,424	4,469,152	7,343,576	2,202,373	118,834,364	143,375,057	24,540,693
2032	5,398,263	3,018,145	4,670,264	7,688,409	2,290,146	131,320,777	153,082,727	21,761,950
2033	5,668,176	3,169,053	4,880,426	8,049,478	2,381,302	144,963,487	163,491,588	18,528,101
2034	5,951,585	3,327,505	5,100,045	8,427,550	2,475,965	159,864,431	174,655,044	14,790,613
2035	6,249,164	3,493,880	5,329,547	8,823,427	2,574,263	176,134,346	186,630,727	10,496,381
2036	6,561,623	3,668,574	5,569,377	9,237,951	2,676,328	193,893,518	199,480,843	5,587,325
2037	6,889,704	3,852,003	5,819,999	9,672,002	2,782,298	213,272,601	213,272,601	-

\* Adjustment for timing assumes payment in the middle of the year.

**SECTION 2: Valuation Results for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**30 Years (8.50% discount rate), level dollar amortization payments\*  
Projected Unit Credit cost method**

(1) Fiscal Year Ended June 30	(2) Projected Benefit Payments	(3) Normal Cost Amortization with Interest	(4) of UAAL	(5) Total Funding Requirement: (3) + (4)	(6) Additional Funding: (5) - (2)	(7) Assets at End of Year	(8) AAL at End of Year	(9) UAAL at End of Year: (8) - (7)
2008	\$850,919	\$935,830	\$2,553,475	\$3,489,305	\$2,638,386	\$2,748,231	\$31,102,389	\$28,354,158
2009	999,497	982,622	2,553,475	3,536,097	2,536,600	5,624,037	33,728,514	28,104,477
2010	1,159,649	1,031,753	2,553,475	3,585,228	2,425,579	8,628,644	36,462,216	27,833,573
2011	1,328,711	1,083,340	2,553,475	3,636,815	2,308,104	11,766,277	39,305,918	27,539,642
2012	1,505,033	1,137,507	2,553,475	3,690,982	2,185,950	15,043,368	42,264,095	27,220,727
2013	1,689,919	1,194,383	2,553,475	3,747,858	2,057,939	18,465,672	45,340,376	26,874,704
2014	1,876,742	1,254,102	2,553,475	3,807,577	1,930,835	22,046,476	48,545,745	26,499,269
2015	2,071,431	1,316,807	2,553,475	3,870,282	1,798,851	25,794,169	51,886,091	26,091,922
2016	2,291,376	1,382,647	2,553,475	3,936,122	1,644,747	29,699,897	55,349,847	25,649,951
2017	2,534,321	1,451,779	2,553,475	4,005,254	1,470,933	33,756,561	58,926,973	25,170,412
2018	2,726,490	1,524,368	2,553,475	4,077,843	1,351,354	38,033,484	62,683,596	24,650,112
2019	2,862,814	1,600,587	2,553,475	4,154,062	1,291,248	42,611,337	66,696,923	24,085,587
2020	3,005,955	1,680,616	2,553,475	4,234,091	1,228,136	47,512,568	70,985,645	23,473,077
2021	3,156,253	1,764,647	2,553,475	4,318,122	1,161,869	52,761,378	75,569,882	22,808,504
2022	3,314,065	1,852,879	2,553,475	4,406,354	1,092,289	58,383,860	80,471,302	22,087,442
2023	3,479,769	1,945,523	2,553,475	4,498,998	1,019,230	64,408,152	85,713,242	21,305,090
2024	3,653,757	2,042,800	2,553,475	4,596,275	942,517	70,864,602	91,320,840	20,456,238
2025	3,836,445	2,144,940	2,553,475	4,698,415	861,970	77,785,950	97,321,183	19,535,234
2026	4,028,267	2,252,186	2,553,475	4,805,661	777,394	85,207,515	103,743,459	18,535,944
2027	4,229,680	2,364,796	2,553,475	4,918,271	688,590	93,167,413	110,619,127	17,451,714
2028	4,441,165	2,483,036	2,553,475	5,036,511	595,346	101,706,775	117,982,100	16,275,325
2029	4,663,223	2,607,187	2,553,475	5,160,662	497,440	110,870,001	125,868,944	14,998,943
2030	4,896,384	2,737,547	2,553,475	5,291,022	394,638	120,705,019	134,319,087	13,614,069
2031	5,141,203	2,874,424	2,553,475	5,427,899	286,696	131,263,577	143,375,057	12,111,480
2032	5,398,263	3,018,145	2,553,475	5,571,620	173,357	142,601,556	153,082,727	10,481,171
2033	5,668,176	3,169,053	2,553,475	5,722,528	54,351	154,779,302	163,491,588	8,712,286
2034	5,951,585	3,327,505	2,553,475	5,880,980	(70,605)	167,861,998	174,655,044	6,793,046
2035	6,249,164	3,493,880	2,553,475	6,047,355	(201,809)	181,920,057	186,630,727	4,710,670
2036	6,561,623	3,668,574	2,553,475	6,222,049	(339,573)	197,029,551	199,480,843	2,451,292
2037	6,889,704	3,852,003	2,553,475	6,405,478	(484,226)	213,272,677	213,272,677	-

\* Adjustment for timing assumes payment in the middle of the year.

**SECTION 2: Valuation Results for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**DEPARTMENT RESULTS**

**Actuarial Accrued Liability (AAL) and Annual Required Contribution – Projected Unit Credit, Pre-Funded (8.50%)**

	All Other	Teachers	Total
<b>Actuarial Accrued Liability by Participant Category</b>			
Current retirees, beneficiaries and dependents*	\$3,058,518	\$8,561,971*	\$11,620,489
Current active members	<u>4,149,322</u>	<u>11,615,552</u>	<u>\$15,764,874</u>
Total as of January 1, 2007	\$7,207,840	\$20,177,523	\$27,385,363
Total as of July 1, 2007	\$7,594,381	\$20,989,898	\$28,584,279
<b>Annual Required Contribution by Department**</b>			
Normal cost as of January 1, 2007	\$362,140	\$514,634	\$876,774
Normal cost as of July 1, 2007	371,083	527,343	898,426
Adjustment for timing	<u>15,449</u>	<u>21,955</u>	<u>37,404</u>
Normal cost including adjustment for timing for Fiscal 2008	\$386,532	\$549,298	\$935,830
<b>Option 1: Level amortization payments</b>			
30-year amortization of the unfunded actuarial accrued liability (UAAL) as of July 1, 2007	\$651,301	\$1,800,113	\$2,451,414
Adjustment for timing	<u>27,116</u>	<u>74,945</u>	<u>102,061</u>
Amortization payment adjusted for timing	\$678,417	\$1,875,058	\$2,553,475
Total Annual Required Contribution (ARC) under Option 1	\$1,064,949	\$2,424,356	\$3,489,305
<b>Option 2: Amortization payments increasing at 4.5% per year</b>			
30-year amortization of the unfunded actuarial accrued liability (UAAL) as of July 1, 2007	\$414,191	\$1,144,771	\$1,558,962
Adjustment for timing	<u>17,244</u>	<u>47,661</u>	<u>64,905</u>
Amortization payment adjusted for timing	\$431,435	\$1,192,432	\$1,623,867
Total Annual Required Contribution (ARC) under Option 2	\$817,967	\$1,741,730	\$2,559,697

\* Retiree liabilities allocated in proportion to active liabilities.

\*\* Adjustment for interest assumes payment in the middle of the year.

**SECTION 2: Valuation Results for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

	<b>Actuarial Accrued Liability (AAL) and Annual Required Contribution – Projected Unit Credit, Pay-As-You-Go (5.00%)</b>		
	<b>All Other</b>	<b>Teachers</b>	<b>Total</b>
<b>Actuarial Accrued Liability by Participant Category</b>			
Current retirees, beneficiaries and dependents*	\$4,356,817	\$12,493,424	\$16,850,241
Current active members	<u>8,507,234</u>	<u>24,394,982</u>	<u>32,902,216</u>
Total as of January 1, 2007	\$12,864,051	\$36,888,405	\$49,752,457
Total as of July 1, 2007	\$13,479,682	\$38,194,152	\$51,673,835
<b>Annual Required Contribution by Department**</b>			
Normal cost as of January 1, 2007	\$779,299	\$1,343,001	\$2,122,300
Normal cost as of July 1, 2007	798,544	1,376,167	2,174,711
Adjustment for timing	<u>19,720</u>	<u>33,985</u>	<u>53,705</u>
Normal cost including adjustment for timing for Fiscal 2008	\$818,264	\$1,410,152	\$2,228,416
<b>Option 1: Level amortization payments</b>			
30-year amortization of the unfunded actuarial accrued liability (UAAL) as of July 1, 2007	\$835,117	\$2,366,271	\$3,201,388
Adjustment for timing	<u>20,623</u>	<u>58,435</u>	<u>79,058</u>
Amortization payment adjusted for timing	\$855,740	\$2,424,706	\$3,280,446
Total Annual Required Contribution (ARC) under Option 1	\$1,674,004	\$3,834,858	\$5,508,862
<b>Option 2: Amortization payments increasing at 4.5 % per year</b>			
30-year amortization of the unfunded actuarial accrued liability (UAAL) as of July 1, 2007	\$481,112	\$1,363,213	\$1,844,325
Adjustment for timing	<u>11,881</u>	<u>33,665</u>	<u>45,546</u>
Amortization payment adjusted for timing	\$492,993	\$1,396,878	\$1,889,871
Total Annual Required Contribution (ARC) under Option 2	\$1,311,257	\$2,807,030	\$4,118,287

\* Retiree liabilities allocated in proportion to active liabilities.

\*\* Adjustment for interest assumes payment in the middle of the year.

**SECTION 2: Valuation Results for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

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September, 2007

**ACTUARIAL CERTIFICATION**

This is to certify that The Segal Company has conducted an actuarial valuation of certain benefit obligations of the Nashoba Regional School District other postemployment benefit programs as of December 31, 2006, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Number 43 and 45 for the determination of the liability for postemployment benefits other than pensions.

The actuarial valuation is based on the plan of benefits verified by the District and on participant, claims and expense data provided by the District or from vendors employed by the District.

The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination or adequacy of funding an ongoing plan.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with GASB Statements Number 43 and 45 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet their "General Qualification Standards for Prescribed Statements of Actuarial Opinions" to render the actuarial opinion contained herein.



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Kathleen A. Riley, FSA, MAAA  
Senior Vice President and Actuary



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Howard Atkinson, Jr., ASA, MAAA, FCA  
Vice President and Health Actuary

**SECTION 3: Valuation Details for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**CHART 1**

**Required Supplementary Information – Schedule of Employer Contributions  
 Projected Unit Credit, Pay-As-You-Go Assumptions (5.00%)  
 Amortization Payments Increasing at 4.5%**

<b>Fiscal Year Ended June 30,</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2008	\$4,118,287	\$--	\$--

**SECTION 3: Valuation Details for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

This schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CHART 2**

**Required Supplementary Information – Schedule of Funding Progress  
Projected Unit Credit, Pay-As-You-Go Assumptions (5.00%)**

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
12/31/2006	\$0	\$49,752,457	\$49,752,457	0%	N/A	N/A

**SECTION 3: Valuation Details for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**CHART 3**

**Required Supplementary Information – Net OPEB Obligation (NOO)  
 Projected Unit Credit, Pay-As-You-Go Assumptions (5.00%)  
 Amortization Payments Increasing at 4.5%**

Fiscal Year Ended June 30,	Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a) + (b) + (c) (d)	Actual Contribution Amount (e)	Net Increase in NOO (d) - (e) (f)	NOO as of Following Date (g)
2008	\$4,118,287	\$0	\$0	\$4,118,287	--	--	--



**SECTION 3: Valuation Details for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**CHART 4**

**Required Supplementary Information**

<b>Valuation date</b>	December 31, 2006
<b>Actuarial cost method</b>	Projected Unit Credit
<b>Amortization method</b>	Payments increasing at 4.5%
<b>Remaining amortization period</b>	30 years as of July 1, 2007
<b>Asset valuation method</b>	Market value
<b>Actuarial assumptions:</b>	
Investment rate of return	5.0%, pay-as-you-go scenario
Inflation rate	4.5%
Projected salary increases	4.5%
Non-Medicare plans trend rate	10.0% graded to 5.0% over 5 years
Medicare Supplement trend rate	11.0% graded to 5.0% over 6 years
Dental	5.0%
<b>Plan membership:</b>	
Current retirees, beneficiaries, and dependents	128
Current active members	<u>337</u>
Total	465

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

*This exhibit summarizes the participant data used for the current valuation.*

**EXHIBIT I**

**Summary of Participant Data**

**Active employees covered for medical benefits as of January 1, 2007**

Number of employees	
Male	87
Female	250
Total	337
Average age	46.1
Average service	10.4

**Retired employees, spouses and beneficiaries covered for medical benefits as of January 1, 2007**

Number of individuals	128
Average age	67.7

**Retired employees with life insurance coverage as of January 1, 2007**

Number of individuals	84
Average age	67.9

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

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**EXHIBIT II**

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**Actuarial Assumptions and Actuarial Cost Method**

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**Data:** Detailed census data, premium rates, and summary plan descriptions for postemployment welfare benefits were provided by the District.

**Actuarial Cost Method:** Projected Unit Credit and Entry Age Normal

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**Per Capita Cost Development:**

*Medical and Drug, Dental*

Per capita claims costs were based on the insured premium rates effective July 1, 2007.

For non-Medicare medical plans, premiums were combined by taking a weighted average based on the number of participants in each plan, and were then trended to the midpoint of the valuation year at assumed trend rates. Actuarial factors were then applied to the premium to estimate individual retiree and spouse costs by age and by gender.

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

<b>Measurement Date:</b>	December 31, 2006
<b>Discount Rate:</b>	8.50% prefunding and 5.00% pay-as-you-go
<b>Postretirement Mortality Rates:</b>	
<i>Pre-Retirement</i>	RP-2000 Employee Mortality Table
<i>Healthy (Non-Teachers)</i>	RP-2000 Healthy Annuitant Mortality Table
<i>Disabled (Non-Teachers)</i>	RP-2000 Healthy Annuitant Mortality Table set forward 2 years
<i>Healthy (Teachers)</i>	RP-2000 Healthy Annuitant Mortality Table projected 10 years with Scale AA
<i>Disabled (Teachers)</i>	RP-2000 Healthy Annuitant Mortality Table set forward 3 years for males

<b>Termination Rates before Retirement:</b>	<b>Groups 1 and 2 (excluding Teachers) - Rate (%)</b>			
	<b>Age</b>	<b>Mortality</b>		<b>Disability</b>
		<b>Male</b>	<b>Female</b>	
	20	0.03	0.02	0.02
	25	0.04	0.02	0.02
	30	0.04	0.03	0.03
	35	0.08	0.05	0.06
	40	0.11	0.07	0.10
	45	0.15	0.11	0.15
	50	0.21	0.17	0.19
	55	0.30	0.25	0.24
	60	0.49	0.39	0.28

Note: 50% of the disability rates shown represent accidental disability.

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**Withdrawal Rates:**

Years of Service	Rate per year (%) Groups 1 and 2 (excluding Teachers)
0	15.0
1	12.0
2	10.0
3	9.0
4	8.0
5 - 9	7.6
10 - 14	5.4
15 - 19	3.3
20 - 24	2.0
25 - 29	1.0
30+	0.0

Age	Teachers - Rate (%) Mortality		Disability
	Male	Female	
20	0.03	0.02	0.00
25	0.03	0.02	0.01
30	0.04	0.02	0.01
35	0.07	0.04	0.01
40	0.10	0.06	0.01
45	0.13	0.10	0.03
50	0.18	0.14	0.05
55	0.25	0.23	0.08
60	0.42	0.37	0.10

*Note: 35% of the disability rates shown represent accidental disability.*

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

Age	Teachers – Withdrawal Rate (%)					
	0 – 4 Years of Service		5 – 9 Years of Service		10+ Years of Service	
	Male	Female	Male	Female	Male	Female
20	9.0	6.0	4.0	9.0	1.0	4.0
30	10.8	11.6	4.3	9.0	1.0	4.0
40	9.3	11.4	4.9	7.0	1.5	3.1
50	5.9	6.8	4.2	4.5	1.9	1.9

**Retirement Rates:**

Age	Rate per year (%)	
	Groups 1 and 2 (excluding Teachers)	
	Male	Female
50 – 51	1.0	1.5
52	1.0	2.0
53	1.0	2.5
54	2.0	2.5
55	2.0	5.5
56 – 57	2.5	6.5
58	5.0	6.5
59	6.5	6.5
60	12.0	5.0
61	20.0	13.0
62	30.0	15.0
63	25.0	12.5
64	22.0	18.0
65	40.0	15.0
66 – 67	25.0	20.0
68	30.0	25.0
69	30.0	20.0
70	100.0	100.0

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

Age	Teachers - Rate (%)					
	Years of Service					
	Less than 20	20 - 29		30 or more		
	Male	Female	Male	Female	Male	Female
50 - 53	0.0	1.0	1.0	1.0	1.0	1.0
54	0.0	2.0	1.0	3.5	3.5	3.5
55	2.0	3.0	4.0	6.0	6.0	6.0
56	4.0	3.0	4.0	18.0	18.0	18.0
57	7.0	5.0	5.0	30.0	30.0	30.0
58	8.0	7.0	7.0	40.0	40.0	40.0
59	9.0	10.0	11.0	40.0	40.0	40.0
60	12.0	20.0	16.0	35.0	35.0	35.0
61	15.0	30.0	20.0	35.0	35.0	35.0
62	18.0	35.0	25.0	40.0	40.0	40.0
63	15.0	35.0	25.0	35.0	35.0	25.0
64	25.0	30.0	30.0	30.0	30.0	30.0
65	40.0	50.0	40.0	50.0	50.0	40.0
66	40.0	30.0	30.0	30.0	30.0	30.0
67	40.0	30.0	25.0	30.0	30.0	25.0
68	40.0	30.0	35.0	30.0	30.0	35.0
69	40.0	40.0	35.0	40.0	40.0	35.0
70	100.0	100.0	100.0	100.0	100.0	100.0

**Dependents:**

Demographic data was available for spouses of current retirees. For future retirees, husbands were assumed to be three years older than their wives. For future retirees who elect to continue their health coverage at retirement, 85% of male employees and 45% of female employees were assumed to have an eligible spouse who also opts for health coverage at that time.

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**Per Capita Health Costs:**

Calendar 2007 medical and prescription drug claims costs are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.

Age	Non-Medicare Plans			
	Retiree		Spouse	
	Male	Female	Male	Female
45	\$4,788	\$6,006	\$2,970	\$4,483
50	5,682	6,472	3,969	5,197
55	6,748	6,967	5,311	6,015
60	8,014	7,510	7,110	6,977
65	9,518	8,090	9,518	8,090
70	11,031	8,718	11,031	8,718
75	11,888	9,385	11,888	9,385
80	12,802	10,118	12,802	10,118

**Medicare Supplement Plan:** \$5,330

**Medicare Part B Premium:** \$1,122

**Annual Dental Cost:** \$490



**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**Health Care Cost Trend Rates:**

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net” and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that must be applied to that year’s cost to yield the next year’s projected cost.

<b>Year Ending December 31</b>	<b>Non-Medicare Plans</b>	<b>Medicare Supplement</b>	<b>Dental</b>
2007	10%	11%	5%
2008	9%	10%	5%
2009	8%	9%	5%
2010	7%	8%	5%
2011	6%	7%	5%
2012	5%	6%	5%
2013 & later	5%	5%	5%

**Retiree Contribution Increase Rate:** Retiree contributions are expected to increase with trend.

**Participation and Coverage Election:** 100% of active employees with coverage are assumed to elect retiree coverage.

100% of retirees over age 65 are assumed to remain in their current medical plan for life.

For future retirees and current retirees under age 65, 30% are assumed to enroll in the Medicare Supplement plan upon reaching age 65 and 70% are assumed to remain enrolled in a non-Medicare plan.

100% of current and future retirees with medical coverage are assumed to have life insurance coverage.

80% of current and future retirees are assumed to have dental coverage. Retirees pay 50% of the dental premium.

**Plan Design:**

Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit III.

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

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**Administrative Expenses**

Administrative expenses are assumed to be included in the fully insured premium rates.

**Annual Maximum Benefits:**

No increase in the annual maximum benefit levels was assumed.

**Lifetime Maximum Benefits:**

No information was available regarding accumulations toward lifetime maximum benefits and no such accumulations were assumed.

**Missing Participant Data:**

A missing census item for a given participant was assumed to equal the average value of that item over all other participants of the same status for whom the item is known.

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

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**EXHIBIT III**

**Summary of Plan**

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

**Eligibility:**

The following groups of retirees receiving a pension from the Worcester Regional Retirement System or the Massachusetts Teachers Retirement System are eligible for postretirement medical benefits:

**Group 1 (including Teachers):**

- Retirees with at least 10 years of creditable service are eligible at age 55;
- Retirees with at least 20 years of creditable service are eligible at any age.

**Group 4:**

- Retirees with at least 10 years of creditable service are eligible at age 45;

**Disability:** Retirees on Ordinary (non-job-related) or Accidental (job-related) Disability Retirement are eligible at any age. Ordinary disability retirement requires 10 years of creditable service.

**Pre-Retirement Death:** Surviving spouse is eligible.

**Post-Retirement Death:** Surviving spouse is eligible.

**Benefit Types:**

Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered through Blue Cross Blue Shield of Massachusetts. (Certain employees participate in an HMO from Fallon Community Health Plan that is closed to new participants.) An Optional Medicare Extension (OME) plan is available to retirees eligible for Medicare. Dental benefits are provided by Delta Dental. The District also provides \$5,000 in life insurance and reimburses 50% of the Medicare Part B premium for eligible retirees.

Lifetime.

**Duration of Coverage:**

**Dependent Benefits:** Medical, prescription drug, and dental.

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**Dependent Coverage:** Benefits are payable to a spouse for their lifetime, regardless of when the retiree dies.  
**Retiree Contributions:** Current premium rates and retiree contributions are summarized below:

	Employees		Total	Retirees 65 and over*	Monthly Cost (eff. 7/1/2007)	Town cost (\$) as of 7/1/2007	Retiree cost (\$) as of 7/1/2007	Retiree cost (%) as of 7/1/2007
	Active	Retired						
<b><u>Non-Medicare Actives and Retirees</u></b>								
BCBS Blue Care Elect Individual	8	6	14	3	\$516.46	\$258.23	\$258.23	50.0%
BCBS Blue Care Elect Family	15	2	17	1	\$1,354.74	\$677.37	\$677.37	50.0%
BCBS Blue Choice Individual	11	14	25	2	\$499.00	\$249.50	\$249.50	50.0%
BCBS Blue Choice Family	51	13	64	7	\$1,308.93	\$654.47	\$654.47	50.0%
BCBS HMO Blue Individual	80	20	100	11	\$405.94	\$202.97	\$202.97	50.0%
BCBS HMO Blue Family	167	17	184	8	\$1,087.95	\$543.98	\$543.98	50.0%
Fallon HMO Individual	1	1	2		\$594.83	\$297.42	\$297.42	50.0%
Fallon HMO Family	4	1	5		\$1,546.58	\$773.29	\$773.29	50.0%
<b><u>Medicare Retirees</u></b>								
Optional Medicare Extension		19	19		\$468.00	\$234.00	\$234.00	50.0%
Totals	337	93	430	32				

\* 32 of 46 over-65 retirees (or 70%) are in a non-Medicare plan

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

**Benefit Descriptions:**

<b>BCBS HMO Blue</b>	
<b>Medical</b>	
<i>Annual Deductible</i>	None
<i>Coinsurance</i>	100%
<i>Physicians Office Visit Copay</i>	\$10
<i>Emergency Room Copay</i>	\$25
<i>Maximum Out-Of-Pocket Expense</i>	None
<b>Prescription Drugs</b>	
<i>Retail Copay</i>	\$10 Tier 1/\$20 Tier 2/\$35 Tier 3
<i>Mail Copay</i>	\$10 Tier 1/\$20 Tier 2/\$35 Tier 3

<b>BCBS Blue Care Elect Preferred PPO</b>		
	<b>In-Network</b>	<b>Out-of-Network</b>
<b>Medical</b>		
<i>Annual Deductible</i>	None	\$250 individual/\$500 family
<i>Coinsurance</i>	100%	80%
<i>Physicians Office Visit Copay</i>	\$15	Coinsurance & deductible
<i>Emergency Room Copay</i>	\$50	\$50 (no deductible)
<i>Coinsurance Maximum</i>	None	\$1,000 individual/\$2,000 family
<b>Prescription Drugs</b>		
<i>Retail Copay</i>	\$10 Tier 1/\$20 Tier 2/\$35 Tier 3	
<i>Mail Copay</i>	\$10 Tier 1/\$20 Tier 2/\$35 Tier 3	

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

<b>BCBS Blue Choice</b>	<b>PCP-Approved</b>	<b>Self-Referred</b>
<b>Medical</b>		
<i>Annual Deductible</i>	None	\$250 individual/\$500 family
<i>Coinsurance</i>	100%	80%
<i>Physicians Office Visit Copay</i>	\$10	Coinsurance & deductible
<i>Emergency Room Copay</i>	\$25	\$25 (no deductible)
<i>Coinsurance Maximum</i>	None	\$1,000 individual/\$2,000 family
<b>Prescription Drugs</b>		
<i>Retail Copay</i>	\$10 Tier 1/\$20 Tier 2/\$35 Tier 3	
<i>Mail Copay</i>	\$10 Tier 1/\$20 Tier 2/\$35 Tier 3	

<b>Optional Medicare Extension (OME)</b>		
<b>Medical</b>		
<i>Inpatient Hospital</i>	Medicare Part A deductible and coinsurance	
<i>Outpatient and Physician Services</i>	Medicare Part B deductible and coinsurance	
<i>Routine Care and Physical Exams</i>	Not covered	
<b>Prescription Drugs</b>		
<i>Generic Drugs Coinsurance</i>	100%	
<i>Brand Drug Coinsurance</i>	80%	
<i>Annual Deductible</i>	\$50	

**SECTION 4: Supporting Information for the Nashoba Regional School District December 31, 2006 Measurement under GASB**

<b>DeltaPreferred Option USA Plus</b>	
<b>Preventative Benefits</b> <i>Diagnostic/Preventative</i>	No deductible Covered in full
<b>Basic and Major Benefits</b> <i>Restorative/Periodontics/Endodontics Prosthodontics/Major Restorative</i>	\$50 individual/\$150 family deductible 80% coverage 50% coverage
<b>Benefit Maximum</b>	\$1,000 per calendar year

**Retiree Life:** \$5,000  
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