

**[Employer Community College]  
Notes to Basic Financial Statements  
June 30, 2018**

**NOTE \_\_ – OTHER POSTEMPLOYMENT BENEFIT PLAN**

***Plan Description***

The [Employer] participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

***Contributions***

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended June 30, 2018 totaled \$\_\_\_\_.

***Special Funding Situation***

The employer contributions for the College, as defined in K.S.A. 74-4931 (2) and (3), are made by the State of Kansas on behalf of the College. Therefore, the College is considered to be in a special funding situation. Accordingly, the State is required to recognize the total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense for the OPEB plan attributable to the College. The College records revenue and OPEB expense in an amount equal to the expense recognized by the State on behalf of the College.

***Benefits***

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65<sup>th</sup> birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused

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or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

**Covered Employees**

The [Employer] has the following employees covered by the Plan as of June 30, 2018:

Inactive employees or beneficiaries currently receiving benefit payments	
Active employees	
Total	

**Total OPEB Liability**

At June 30, 2018, the total OPEB liability recognized by the State of Kansas that was attributable to the College was \$\_\_\_\_\_.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017 (the measurement date), using the following actuarial assumptions:

Price inflation	
Wage inflation	
Salary increases, including wage increases	
Discount rate (based on the 20 year municipal bond rate with an average rating of AA/Aa or better, obtained from the _____ index.)	

Mortality rates used for the death benefits were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using Scale AA. Mortality rates used for the disability benefits were based on the RP-2000 Disabled Life Table with generational mortality improvement using Scale AA.

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The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, \_\_\_\_.

***Revenue and OPEB Expense Recorded by the College***

For the year ended June 30, 2018, the College recognized revenue and OPEB expense in an equal amount of \$\_\_\_\_\_.

SAMPLE

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