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October 9, 2014

Ms. JoAnne Lewis
Administrative Assistant
Ross Valley Fire Department
777 San Anselmo Ave.
San Anselmo, CA 94960

Re: July 1, 2013 Actuarial Report on GASB 45 Retiree Benefit Valuation

Dear JoAnne:

We are pleased to enclose our final report providing the results of the July 1, 2013 actuarial valuation of other post-employment benefit (OPEB) liabilities for the Ross Valley Fire Department (the Department). The report's text describes our analysis and assumptions in detail.

The primary purposes of the report are to develop the value of future OPEB expected to be provided by the Department, and the current OPEB liability and the annual OPEB expense to be reported in the Department's financial statements for the fiscal years ending June 30, 2015 and June 30, 2016.

This valuation was prepared with the understanding that the Department will continue to:

- Follow its previously established policy of prefunding OPEB liabilities through the irrevocable trust account with the California Employers' Retiree Benefit Trust (CERBT).
- Invest in CERBT asset allocation Strategy 1, using a Margin for Adverse Deviation of .11%. Accordingly, liabilities were calculated based on a 7.5% discount rate.
- Provide medical benefits for retirees, as provided under the terms of the most recent PEMHCA resolution (executed in 2013) and Memoranda of Understanding which define the terms of benefits payable.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of the Department's staff, who provided valuable information and assistance to enable us to perform this valuation. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod, FSA, EA, MAAA
Director, Health and Benefit Actuarial Services

Enclosure

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Bickmore

Ross Valley Fire Department

Actuarial Valuation of the Other Post-Employment Benefit Programs As of July 1, 2013

Submitted October 2014

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A. Executive Summary

This report presents the results of the July 1, 2013 actuarial valuation of the Ross Valley Fire Department (the Department) other post-employment benefit (OPEB) programs. Briefly, benefits include subsidized medical coverage for eligible retirees. The purpose of this valuation is to assess the OPEB liabilities and provide disclosure information as required by Statement No. 45 of the Governmental Accounting Standards Board (GASB 45) and to provide information to be reported to the California Employers' Retiree Benefit Trust (CERBT).

How much the Department contributes each year affects the calculation of liabilities. The Department is prefunding its OPEB obligations by consistently making contributions greater than or equal to the Annual Required Contribution (ARC) each year. Trust assets are currently invested in the CERBT with Asset Allocation Strategy 1. At the time the 2011 valuation was prepared, a discount rate of 7.5% was used. The Department indicated to Bickmore that no change is planned; accordingly, this valuation was also prepared using a 7.5% discount rate. Please note that use of this rate is not a guarantee of future investment performance, but rather an assumption about the expected long term rate of return.

Exhibits presented in this report are based on the assumption that the results of this July 1, 2013 valuation will be applied in determining the annual OPEB expense for the fiscal years ending June 30, 2015 and 2016. Appendix 1 provides an updated development of the results for the fiscal year ending June 30, 2014, based on the July 1, 2011 valuation and on OPEB contributions expected to be made between July 1, 2013 and June 30, 2014.

We calculate the GASB 45 actuarial accrued liability (AAL) to be $5,864,413 and the normal cost to be $114,543 as of July 1, 2013. The Department reported assets in CERBT as of July 1, 2013 of $771,411 to offset these liabilities. Thus, the unfunded accrued liability as of this date is $5,093,002, and the funded ratio is 13.2%.

These results have been adjusted to be applicable to the years for which the annual OPEB expense will be developed. Assuming the Department continues to follow its previously established policy of prefunding its OPEB liabilities, the following summarizes results for the fiscal year ending June 30, 2015:

- We calculate the annual required contribution (ARC) to be $469,806.
- Department contributions are assumed to equal the ARC. We assumed that the Department will pay its portion of retiree premiums during the period (estimated to total $264,424), and contribute the balance of the ARC to CERBT.
- Based on the calculations and contributions described above, we project a net OPEB obligation of $0 on June 30, 2015.

These results are shown in tables beginning on page 11. Projected results for the fiscal year ending June 30, 2016 are also shown in these tables.

The liabilities shown in the report reflect assumptions regarding continued future employment, rates of retirement and survival, and elections by future retirees to continue

Executive Summary (Concluded)

coverage for themselves and their dependents. To the extent that actual experience is not what we assumed, future results will be different. We also note that this valuation has been prepared on a closed group basis, with no provision made for new employees.

The results of this valuation reflect a significant benefit change for more recently hired employees (see Table 3A) and changes to three assumptions used to develop the projection of future costs. Discussion is provided on page 7 and a description of assumption changes is included on page 23. While other sources of differences in future results are possible, the most likely causes for variance are:

- A significant change in the number of covered plan members;
- A substantial increase or decrease in OPEB trust asset value;
- A significant increase or decrease in the future medical premium rates or in the subsidy provided by the District toward retiree medical premiums;
- Recognition of *additional* expected improvements in life expectancies of retirees;
- A recently adopted change in Actuarial Standards of Practice, likely required to be reflected in the July 2015 OPEB valuation, which effectively eliminates the ability of the agency to ignore the implicit subsidy liability arising when medical premiums for retired employees are the same as premiums for active employees (see page 4);
- Changes in the OPEB accounting standard (revisions to GASB 45), similar to changes adopted in GASB 68 for defined benefit retirement plan liabilities.

The last two items above may not create any additional liability that did not previously exist, but will change how much liability is required to be valued and reported.

Details of our valuation process and the various disclosures required by GASB 45 are provided on the succeeding pages.

The next valuation is scheduled to be prepared as of July 1, 2015 as required for continued participation in CERBT. If there are any significant changes in the employee data, benefits provided or the funding policy, please contact us to discuss whether an earlier valuation is appropriate.

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for the Department's financial statements and to provide the annual contribution information with respect to the Department's current OPEB funding policy. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. The Department should consult counsel on these matters; Bickmore does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend the Department consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.

B. Requirements of GASB 45

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. We understand that the Department implemented GASB 45 for the fiscal year ended June 30, 2010.

For agencies with fewer than 200 members covered by or eligible for plan benefits, GASB 45 requires that a valuation be prepared no less frequently than every three years. However, participation in CERBT requires that valuations be performed every two years. GASB 45 disclosures include the determination of an annual OPEB cost. For the first year, the annual OPEB cost is equal to the annual required contribution (ARC) as determined by the actuary.

- If the Department's OPEB contributions equal the ARC each year, the net OPEB obligation will equal $0.
- If the Department's actual contribution is less than (greater than) the ARC, then a net OPEB obligation (asset) amount is established. In subsequent years, the annual OPEB expense will reflect adjustments made to the net OPEB obligation, in addition to the ARC (see Table 1C).

GASB 45 provides for recognition of payments as contributions if they are made (a) directly to retirees or beneficiaries, (b) to an insurer, e.g., for the payment of premiums, or (c) to an OPEB fund set aside toward the cost of future benefits. Funds set aside for future benefits should be considered contributions to an OPEB plan only if the vehicle established is one that is capable of building assets that are separate from and independent of the control of the employer and legally protected from its creditors. Furthermore, the sole purpose of the assets should be to provide benefits under the plan. These conditions generally require the establishment of a legal trust, such as the Department's OPEB trust account with CERBT. Earmarked assets or reserves may be an important step in financing future benefits, but they may not be recognized as an asset for purposes of reporting under GASB 45.

The decision whether or not to prefund, and at what level, is at the discretion of the Department, as are the manner and term for paying down the unfunded actuarial accrued liability. Once a funding policy has been established, however, the Department's auditor may have an opinion as to the timing and manner of any change to such policy in future years. The level of prefunding also affects the selection of the discount rate used for valuing the liabilities.

C. Sources of OPEB Liabilities

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are:

- Medical
- Dental
- Prescription drug
- Vision
- Life insurance

Other possible post-employment benefits may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include vacation, sick leave[1] or COBRA benefits, which fall under other GASB accounting statements.

A direct employer payment toward the cost of OPEB is referred to as an "explicit" subsidy and these are included in the determination of OPEB liabilities. In addition, if claims experience of employees and retirees are pooled when determining premiums, the retirees pay a premium based on a pool of members that, on average, are younger and healthier. For certain types of coverage, such as medical, payment of the same premium rate results in an "implicit" subsidy of retiree claims by active employee premiums since the retiree premiums are lower than they would have been if the retirees were insured separately. Paragraph 13.a. of GASB 45 generally requires an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Exceptions may exist when the plan is part of a "community-rated" program. Current GASB guidance[2] may allow an agency whose membership is a small portion (in the neighborhood of 1%) of the total coverage of a multiple employer plan to reasonably conclude that any change in their group's mix of retirees and active employees would not affect the premium rates for the plan. In those circumstances, while an implicit subsidy may exist, it is not required to be disclosed.

OPEB Obligations of the Department

The Department provides continuation of medical coverage to its retiring employees. For retirees and their dependent(s) who have chosen to retain this coverage:

- The Department contributes directly to the cost of retiree medical coverage. These benefits are described in Table 3 and liabilities have been included in this valuation.
- Employees are covered by the CalPERS medical program. The experience of public agency employer membership in this program is community-rated ("OPEB Assumption Model", August 2012) and the Department's membership in this program is incidental relative to the total number of members covered. As currently permitted by GASB 45, this report does not make age-related premium adjustments or compute an implicit rate subsidy for employees covered under this program.

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[1] When a terminating employee's unused sick leave credits are converted to provide or enhance a defined benefit OPEB, e.g., healthcare benefits, such converted sick leave credits should be valued under GASB 45.

[2] A change in Actuarial Standards of Practice was recently adopted and a new GASB Statement for reporting of OPEB liabilities is under development. One important change is the elimination of the exception for disclosing the implicit subsidy liability for community rated plans. This change could significantly impact the OPEB liability to be reported by the Department beginning July 1, 2016.

D. Valuation Process

The valuation has been based on employee census data initially submitted to us by the Department in April 2014 and clarified in various related communications. Summaries of that data are provided in Table 2. While the individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the Department as to its accuracy. A summary of the benefits provided under the Plan is provided in Table 3, based on information supplied to Bickmore by the Department. The valuation described below has been performed in accordance with the actuarial methods and assumptions described in Table 4.

In the specific development of the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee's future retirement. We then calculate a present value of these benefits as of the valuation date.

- These present value determinations discount the value of each future expected benefit payment back to the valuation date, using the discount rate. The present value calculations also reflect assumptions for the likelihood that an employee may not continue in service with the Department to receive benefits.
- For those that do continue in service with the Department, assumptions are made regarding the probability of retirement at various ages.
- After adjustments for the probabilities of whether and when an employee may retire from the Department, we then apply an assumption about whether or not the retiree will elect coverage for themselves and/or dependents.
- To the extent an employee is assumed to qualify and elect coverage in retirement, the calculated liability reflects expected trends in the cost of those benefits and the assumptions as to the expected date(s) those benefits will cease.
- These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for 70 years or more.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "actuarial accrued liability" (AAL). The amount of future OPEB cost allocated to the current year is referred to as the "normal cost". The remaining cost to be assigned to future years is called the "present value of future normal costs".

In summary:

Actuarial Accrued Liability	Past Years' Costs	$ 5,864,413
plus Normal Cost	Current Year's Cost	114,543
plus Present Value of Future Normal Costs	Future Years' Costs	959,964
equals Present Value of Projected Benefits	Total Benefit Costs	$ 6,938,920

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets is applied to offset the AAL. In this valuation, we set the Actuarial Value of Assets equal to the market value of assets invested in in the Department's CERBT account. The market value reported as of June 30, 2013 was $771,411. The portion of the AAL not covered by assets is referred to as the unfunded actuarial accrued liability (UAAL).

E. Basic Valuation Results

The following chart compares the results of the July 1, 2013 valuation of OPEB liabilities to the results of the July 1, 2011 valuation.

	Prefunding Basis	
Valuation date	**7/1/2011**	**7/1/2013**
Discount rate	7.50%	7.50%
Number of Covered Employees		
Actives	34	33
Retirees	30	31
Total Participants	64	64
Actuarial Present Value of Projected Benefits		
Actives	$ 3,406,847	3,883,353
Retirees	2,829,163	3,055,567
Total APVPB	6,236,010	6,938,920
Actuarial Accrued Liability (AAL)		
Actives	2,287,930	2,808,846
Retirees	2,829,163	3,055,567
Total AAL	5,117,093	5,864,413
Actuarial Value of Assets	312,209	771,411
Unfunded AAL (UAAL)	4,804,884	5,093,002
Normal Cost	120,568	114,543
Benefit Payments		
Actives (in retirement)	-	-
Retirees	192,527	245,168
Total	192,527	245,168

The funded ratio (the ratio of the Actuarial Value of Assets divided by the Actuarial Accrued Liability) is 13.2% as of July 1, 2013. Covered payroll as of July 1, 2013 was reported to be $3,453,704. The Unfunded Actuarial Accrued Liability, expressed as a percentage of payroll, is 147.5% as of this date.

Changes Since the Prior Valuation

Even if all of our previous assumptions were met exactly as projected, liabilities generally increase over time as active employees get closer to the date their benefits are expected to begin. Given the uncertainties involved and the long term nature of these projections, our prior assumptions were *not* and are likely never to be exactly realized. The relatively small size of the Department's employee group makes it more likely that differences from what we anticipate will occur. Nonetheless, it is helpful to review why results are different than we anticipated.

Basic Valuation Results (Concluded)

In comparing results shown in the exhibit on the preceding page, we can see that the Unfunded Actuarial Accrued Liability (UAAL) increased by about $288,000 over the two year period between July 1, 2011 and July 1, 2013. We *expected* the UAAL to increase by $166,000, from the excess of new costs accrued for active employees and interest accrual on future benefits over Department contributions and earnings on trust assets. The actual UAAL is $122,000 higher than expected, primarily due to the following factors:

- A $219,000 decrease in the UAAL from plan experience relative to prior assumptions, including changes in plan membership and medical plan premiums other than anticipated. Supplemental plan premium rates applicable to Medicare retirees increased less than expected (or even decreased) over the past two years, which lowered the unfunded AAL relative to what we projected. If premiums increase more than expected in future years, the opposite result would occur.

  Plan experience also includes asset performance relative to the expected contributions and rate of return. Actual plan assets were somewhat greater than projected, primarily because retiree benefit payments were lower and contributions to CERBT were larger than we projected during this two year period. The return on trust assets was quite close to the expected long term rate of return of 7.5% per year, with the actual return estimated to be about 7.4% per year over this period.

- A $178,000 increase in the AAL from projecting further improvements in mortality (i.e., longer life expectancies);
- A $96,000 increase in the AAL due to changes in assumed future increases in medical premium levels; and
- A $67,000 increase in the AAL due to a change in the assumed percent of current active employees who will elect coverage for a spouse in retirement, from 80% to 85%.

F. Funding Policy

The specific calculation of the ARC and annual OPEB expense for an employer depends on how the employer elects to fund these benefits. Contributing an amount greater than or equal to the ARC each year is referred to as "prefunding". Prefunding generally allows the employer to have the liability calculated using a higher discount rate, which in turn lowers the liability. In addition, following a prefunding policy does not build up a net OPEB obligation because the contribution equals or exceeds the annual OPEB cost each year.

Determination of the ARC

The Annual Required Contribution (ARC) consists of two basic components, which have been adjusted with interest to the Department's fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL).

The ARCs for the fiscal years ending June 30, 2015 and June 30, 2016 are developed in Table 1B.

Decisions Affecting the Amortization Payment

The period and method for amortizing the AAL can significantly affect the ARC. GASB 45:

- Prescribes a maximum amortization period of 30 years and requires no minimum amortization period (except 10 years for certain actuarial gains). Immediate full funding of the liability is also permitted, where the expected employer contribution is shown as the interest-adjusted sum of the normal cost and the entire amount of the unfunded accrued liability. Expected contributions in future years are then reduced to the expected normal cost (as a percentage of payroll) plus amortization of any new changes in the unfunded AAL.
- Allows amortization payments to be determined (a) as a level percentage of payroll, designed to increase over time as payroll increases, or (b) as a level dollar amount much like a conventional mortgage, so that this component of the ARC does not increase over time. Where a plan is closed and has no ongoing payroll base, a level percent of payroll basis is not permitted.
- Allows the amortization period to decrease annually by one year (closed basis) or to be maintained at the same number of years (open basis).

Funding Policy Illustrated in This Report

It is our understanding that the Department's prefunding policy includes amortization of the unfunded AAL over a closed 30-year period initially effective July 1, 2009; the remaining period applicable in determining the ARC for the fiscal year ending June 30, 2015 is 25 years. Amortization payments are determined on a level percent of pay basis.

G. Choice of Actuarial Funding Method and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method. The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the "incidence of cost". Methods that produce higher initial annual (prefunding) costs will produce lower annual costs later. Conversely, methods that produce lower initial costs will produce higher annual costs later relative to the other methods. GASB 45 allows the use of any of six actuarial funding methods; a brief description of each is in the glossary.

Factors Impacting the Selection of Funding Method

While the goal of GASB 45 is to match recognition of retiree medical expense with the periods during which the benefit is earned, the funding methods differ because they focus on different financial measures in attempting to level the incidence of cost. Appropriate selection of a funding method contributes to creating intergenerational equity between generations of taxpayers. The impact of potential new employees entering the plan may also affect selection of a funding method, though this is not a factor in this plan.

We believe it is most appropriate for the plan sponsor to adopt a theory of funding and consistently apply the funding method representing that theory. This valuation was prepared using the entry age normal cost method with normal cost determined on a level percent of pay basis. The entry age normal cost method often produces initial contributions between those of the other more common methods and is generally regarded by pension actuaries as the most stable of the funding methods and is one of the most commonly used methods for GASB 45 compliance.

Factors Affecting the Selection of Assumptions

Special considerations apply to the selection of actuarial funding methods and assumptions for the Department. The actuarial assumptions used in this report were chosen, for the most part, to be the same as the actuarial assumptions used for the most recent actuarial valuations of the retirement plans covering Department employees. CalPERS has previously issued a set of standardized actuarial methods and assumptions to be used by entities participating in CERBT and many assumptions used in this report for GASB 45 analysis are also consistent with that assumption model. Other assumptions were selected based on demonstrated plan experience and/or our best estimate of expected future experience.

In selecting an appropriate discount rate, GASB states that the discount rate should be based on the expected long-term yield of investments used to finance the benefits. CERBT provides participating employers with three possible asset allocation strategies; a maximum discount rate is assigned to each of these strategies, which may be rounded or reduced to include a margin for adverse deviation. As requested by the Department and permitted by CERBT where its asset allocation Strategy #1 is employed, the discount rate used in this valuation is 7.5%.

H. Certification

This report presents the results of our actuarial valuation of the other post employment benefits provided by the Ross Valley Fire Department. The purpose of this valuation was to provide the actuarial information required for the Department's reporting under Statement 45 of the Governmental Accounting Standards Board. The calculations were focused on determining the plan's funded status as of the valuation date, developing the Annual Required Contribution and projecting the Net OPEB Obligations for the years to which this report is expected to be applied.

We certify that this report has been prepared in accordance with our understanding of GASB 45. To the best of our knowledge, the report is complete and accurate, based upon the data and plan provisions provided to us by the Department. We believe the assumptions and method used are reasonable and appropriate for purposes of the financial reporting required by GASB 45. The results may not be appropriate for other purposes.

Each of the undersigned individuals is a Fellow in the Society of Actuaries and Member of the American Academy of Actuaries who satisfies the Academy Qualification Standards for rendering this opinion.

Signed: October 9, 2014

Catherine L. Macleod | Francis M. Schauer, Jr.

Catherine L. MacLeod, FSA, EA, MAAA | Francis M. Schauer Jr., FSA, FCA, EA, MAAA

Table 1A
Rollforward of Valuation Results

The basic valuation results are presented in Section E. The following summarizes the results of the July 1, 2013 valuation adjusted to be applicable for the fiscal years ending June 30, 2015 and 2016. These adjusted results become the basis for calculating the annual required contribution for these years, shown in Table 1B on the following page.

The results shown below and on the following two pages reflect our understanding that the Department intends to contribute 100% of the ARC for each fiscal year up to and including the years to which this report is expected to be applied. Should those contributions differ by more than an immaterial amount, some of the results in this report will need to be revised.

	Prefunding Basis	
Valuation date	**7/1/2013**	
For fiscal year beginning	7/1/2014	7/1/2015
For fiscal year ending	6/30/2015	6/30/2016
Expected long term rate of return on assets	7.50%	7.50%
Discount rate	7.50%	7.50%
Number of Covered Employees*		
Actives	33	33
Retirees	31	31
Total Participants	64	64
Actuarial Present Value of Projected Benefits		
Actives	$ 4,156,730	$ 4,431,995
Retirees	3,044,323	3,044,713
Total APVPB	7,201,053	7,476,708
Actuarial Accrued Liability (AAL)		
Actives	3,124,769	3,449,773
Retirees	3,044,323	3,044,713
Total AAL	6,169,092	6,494,486
Actuarial Value of Assets	1,047,477	1,331,420
Unfunded AAL (UAAL)	5,121,615	5,163,066
Normal Cost	118,266	122,110
Benefit Payments		
Actives (in retirement)	36,490	59,981
Retirees	227,934	240,419
Total	264,424	300,400

* The numbers of active employees and retirees shown above are as of the valuation date and are not necessarily the number expected in the years shown above. Because this valuation has been prepared on a closed group basis, no potential future employees are included and, based on assumptions outlined in Table 4, we recognize the possibility that active employees may leave employment, some may retire and elect benefits and coverage for some of the retired employees may cease.

Table 1B
Calculation of the Annual Required Contribution

The following exhibit calculates the amortization payments and the annual required contribution (ARC) on a prefunding basis for the fiscal years ending June 30, 2015 and June 30, 2016.

	Prefunding Basis	
Fiscal Year End	**6/30/2015**	**6/30/2016**
Funding Policy		
Discount rate	7.50%	7.50%
Amortization method	Level % of Pay	Level % of Pay
Initial amortization period (in years)	30	30
Remaining period (in years)	25	24
Determination of Amortization Payment		
UAAL	$ 5,121,615	$ 5,163,066
Factor	16.0671	15.6873
Payment	318,763	329,123
Annual Required Contribution (ARC)		
Normal Cost	118,266	122,110
Amortization of UAAL	318,763	329,123
Interest to 06/30	32,777	33,842
Total ARC at fiscal year end	469,806	485,075

While the following is not intended to be used to determine the normal cost or ARC in future years, this information may be of value for planning purposes:

Valuation date	**7/1/2013**	
Fiscal Year End	**6/30/2015**	**6/30/2016**
Projected covered payroll	$ 3,565,949	$ 3,681,843
Normal Cost as a percent of payroll	3.3%	3.3%
ARC as a percent of payroll	13.2%	13.2%
ARC per active ee	14,237	14,699

Table 1C
Expected OPEB Disclosures

The exhibit below develops the annual OPEB expense, estimates the expected OPEB contributions and projects the net OPEB obligation for the fiscal years ending June 30, 2015 and June 30, 2016. The calculations assume the Department continues to follow the prefunding approach outlined on the prior page.

	Prefunding Basis	
Fiscal Year End	**6/30/2015**	**6/30/2016**
1. Calculation of the Annual OPEB Expense		
a. ARC for current fiscal year	$ 469,806	$ 485,075
b. Interest on Net OPEB Obligation (Asset) at beginning of year	-	-
c. Adjustment to the ARC	-	-
d. **Annual OPEB Expense (a. + b. + c.)**	469,806	485,075
2. Calculation of Expected Contribution		
a. Estimated payments on behalf of retirees	264,424	300,400
b. Estimated contribution to OPEB trust	205,382	184,675
c. **Total Expected Employer Contribution**	469,806	485,075
3. Change in Net OPEB Obligation *(1.d. minus 2.c.)*	-	-
Net OPEB Obligation (Asset), beginning of fiscal year	-	-
Net OPEB Obligation (Asset) at fiscal year end	-	-

Please note that the expected payments to retirees shown in item 2.a. above are projections and should be replaced with the actual payments in order to determine the portion of the ARC to be contributed to the OPEB trust.

Should total Department contributions (the sum of actual premiums paid and contributions to CERBT) be less than the ARC, the next valuation may require use of a lower discount rate for valuing the liabilities.

Table 2
Summary of Employee Data

The Department reported 33 active employees; of these, all are currently participating in the medical program as of the valuation date. Age and service information for the reported individuals is provided below:

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						**Total**	**Percent**
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25							0	0%
25 to 29		2					2	6%
30 to 34		1	2	2			5	15%
35 to 39		2	3	2	1		8	24%
40 to 44		1	2	3		1	7	21%
45 to 49				1	1	2	4	12%
50 to 54				1		3	4	12%
55 to 59						3	3	9%
60 to 64							0	0%
65 to 69							0	0%
70 & Up							0	0%
Total	0	6	7	9	2	9	**33**	**100%**
Percent	0%	18%	21%	27%	6%	27%	**100%**	

	July 2011 Valuation	July 2013 Valuation
Annual Covered Payroll	$3,161,662	$3,453,704
Average Attained Age for Actives	40.5	41.5
Average Years of Service	13.7	14.2

There are 23 retirees and 8 surviving spouses currently receiving benefits under the plan. Their ages are summarized in the chart below.

Retirees by Age		
Current Age	**Number**	**Percent**
Below 50	2	6%
50 to 54	2	6%
55 to 59	2	6%
60 to 64	6	19%
65 to 69	5	16%
70 to 74	3	10%
75 to 79	6	19%
80 & up	5	16%
Total	**31**	**100%**
Average Attained Age for Retirees:		70.3

Table 2- Summary of Employee Data (Concluded)

The following shows changes in the plan population included in the July 1, 2011 and those included in the July 1, 2013 valuation:

Reconciliation of Department Plan Members Between Valuation Dates						
Status	Covered Actives	Waiving Actives	Covered Retirees	Covered Disabled Retirees	Covered Surviving Spouses	Total
Number reported as of July 1, 2011	33	1	12	10	8	64
New employees	1	-	-	-	-	1
New retiree, elected coverage	(2)	-	2	-	-	0
Previously waiving, now covered	1	(1)	-	-	-	0
Deceased or dropped coverage	-	-	(1)	-	-	(1)
Number reported as of July 1, 2013	**33**	**0**	**13**	**10**	**8**	**64**

The total plan population remained stable between valuations, with a net increase of 1 retiree and a net decrease of 1 active employee. While we are aware that there were a significant number of retirements after the valuation date, following discussion with the Department, those changes have not been reflected in the results of this valuation. All current retirees are entitled to the higher benefit levels in effect prior to April 1, 2013.

Table 3A
Summary of Retiree Benefit Provisions

OPEB provided: The Department has indicated that the only OPEB provided is medical coverage.

Access to coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA).

- This coverage requires the employee to satisfy the requirements for retirement under CalPERS, which requires attainment of age 50 (age 52, if a new miscellaneous PERS member on or after January 1, 2013) with 5 years of State or public agency service or approved disability retirement.
- If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement or during any future open enrollment period.
- Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.
- The employee must commence his or her retirement warrant within 120 days of terminating employment with the Department to be eligible to continue medical coverage through the Department and be entitled to the employer subsidy described below.

Benefits provided: As a condition of participation in the CalPERS medical program, the Department is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued, as well as to a surviving spouse, if the spouse is entitled to survivor pension benefits.

- Under the terms of the Department's current PEMHCA resolution, executed in 2013, all employees who satisfy the requirements under "Access to Coverage" above and continue their medical coverage through the Department in retirement will receive the PEMHCA minimum employer contribution (MEC)[3]. The MEC was $115 per month in 2013 and increased to $119 per month in 2014.
- Instead of the minimum contribution described above, employees first covered by the Ross Valley Firefighters Association or the Ross Valley Fire Chief Officers Association prior to April 1, 2013 and Miscellaneous employees hired prior to April 1, 2013 will be reimbursed an amount equal to the Department's share of CalPERS medical premiums as of January 1, 2013, increased annually by a maximum of $100 per month, until such time as the Department's share is the same as the Department's share for active employees.

Current premium rates: The 2014 CalPERS monthly medical plan rates in the Bay Area rate region are shown in the table on the following page. If different rates apply where the member resides outside of this area, those rates are reflected in the valuation, but not listed here. The

[3] It is our understanding that there is a pre-tax flexible benefit (a.k.a. "Cafeteria plan") in place for active employees which provides medical and other healthcare benefits in excess of the MEC and these additional payments are not required to be provided to retired employees to meet PEMHCA requirements.

Table 3 – Summary of Retiree Benefit Provisions (Concluded)

additional CalPERS administration fee is assumed to be separately expensed each year and has not been projected as an OPEB liability in this valuation.

Bay Area 2014 Health Plan Rates						
	Actives and Pre-Med Retirees			Medicare Eligible		
Plan	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Anthem HMO Select	$657.33	$1,314.66	$1,709.06	$341.12	$682.24	$1,076.64
Anthem HMO Traditional	728.41	1,456.82	1,893.87	341.12	682.24	1,119.29
Blue Shield Access/ Adv HMO	836.59	1,673.18	2,175.13	298.21	596.42	1,098.37
Blue Shield NetValue/ Adv HMO	704.01	1,408.02	1,830.43	298.21	596.42	1,018.83
Kaiser HMO	742.72	1,485.44	1,931.07	294.97	589.94	1,035.57
UnitedHealthcare HMO	764.24	1,528.48	1,987.02	193.33	386.66	845.20
PERS Choice PPO	690.77	1,381.54	1,796.00	307.23	614.46	1,028.92
PERS Select PPO	661.52	1,323.04	1,719.95	307.23	614.46	1,011.37
PERSCare PPO	720.04	1,440.08	1,872.10	327.36	654.72	1,086.74
PORAC Association Plan	634.00	1,186.00	1,507.00	397.00	791.00	1,112.00

Table 3B
General CalPERS Annuitant Eligibility Provisions

The content of this section has been drawn from Section C, Summary of Plan Provisions, of the State of California OPEB Valuation as of June 30, 2013, issued March 2014, to the State Controller from Gabriel Roeder & Smith. It is provided here as a brief summary of general annuitant and survivor coverage.

Health Care Coverage

Retired Employees

A member is eligible to enroll in a CalPERS health plan if he or she retires within 120 days of separation from employment and receives a monthly retirement allowance. If the member meets this requirement, he or she may continue his or her enrollment at retirement, enroll within 60 days of retirement, or enroll during any Open Enrollment period. If a member is currently enrolled in a CalPERS health plan and wants to continue enrollment into retirement, the employee will notify CalPERS and the member's coverage will continue into retirement.

Eligibility Exceptions*:* Certain family members are not eligible for CalPERS health benefits:

- Children age 26 or older
- Children's spouses
- Former spouses
- Disabled children over age 26 who were never enrolled or were deleted from coverage
- Grandparents
- Parents
- Children of former spouses
- Other relatives

Coordination with Medicare

CalPERS retired members who qualify for premium-free Part A, either on their own or through a spouse (current, former, or deceased), must sign up for Part B as soon as they qualify for Part A. A member must then enroll in a CalPERS sponsored Medicare plan. The CalPERS-sponsored Medicare plan will pay for costs not paid by Medicare, by coordinating benefits.

Survivors of an Annuitant

If a CalPERS annuitant satisfied the requirement to retire within 120 days of separation, the survivor may be eligible to enroll within 60 days of the annuitant's death or during any future Open Enrollment period. Note: A survivor cannot add any new dependents; only dependents that were enrolled or eligible to enroll at the time of the member's death qualify for benefits.

Surviving registered domestic partners who are receiving a monthly annuity as a surviving beneficiary of a deceased employee or annuitant on or after January 1, 2002, are eligible to continue coverage if currently enrolled, enroll within 60 days of the domestic partner's death, or enroll during any future Open Enrollment period.

Surviving enrolled family members who do not qualify to continue their current coverage are eligible for continuation coverage under COBRA.

Table 4
Actuarial Methods and Assumptions

Valuation Date	July 1, 2013
Funding Method	Entry Age Normal Cost, level percent of pay[4]
Asset Valuation Method	Market value of assets
Long Term Return on Assets	7.5%
Discount Rate	7.5%
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Increase for Amortization Payments	3.25% per year where determined on a percent of pay basis
General Inflation Rate	3.0% per year

The demographic actuarial assumptions used in this valuation are based on the (demographic) experience study of the California Public Employees Retirement System using data from 1997 to 2007. Rates for selected age and service are shown below and on the following pages.

Mortality Before Retirement

Mortality rates in each of the tables below were projected by applying Scale AA on a fully generational basis.

CalPERS Public Agency Miscellaneous Non-Industrial Deaths only		
Age	Male	Female
15	0.00045	0.00006
20	0.00047	0.00016
30	0.00053	0.00036
40	0.00087	0.00065
50	0.00176	0.00126
60	0.00395	0.00266
70	0.00914	0.00649
80	0.01527	0.01108

CalPERS Public Agency Police & Fire Combined Industrial & Non-Industrial Deaths		
Age	Male	Female
15	0.00045	0.00006
20	0.00050	0.00019
30	0.00063	0.00046
40	0.00100	0.00078
50	0.00191	0.00141
60	0.00412	0.00283
70	0.00933	0.00668
80	0.01548	0.01129

[4] The level percent of pay aspect of the funding method refers to how the normal cost is determined. Use of level percent of pay cost allocations in the funding method is separate from and has no effect on a decision regarding use of a level percent of pay or level dollar basis for determining amortization payments.

Table 4 - Actuarial Methods and Assumptions (Continued)

Mortality After Retirement

Mortality rates in each of the tables below were projected by applying Scale AA on a fully generational basis.

Healthy Lives

CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality		
Age	Male	Female
40	0.00093	0.00062
50	0.00239	0.00125
60	0.00720	0.00431
70	0.01675	0.01244
80	0.05270	0.03749
90	0.16747	0.12404
100	0.34551	0.31876
110	1.00000	1.00000

Disabled Lives

CalPERS Public Agency Disabled Fire Post Retirement Mortality		
Age	Male	Female
20	0.00313	0.00238
30	0.00205	0.00175
40	0.00217	0.00207
50	0.00518	0.00412
60	0.00808	0.00815
70	0.02269	0.01743
80	0.06956	0.04549
90	0.16676	0.13799

CalPERS Public Agency Disabled Miscellaneous Post Retirement Mortality		
Age	Male	Female
20	0.00664	0.00478
30	0.00790	0.00512
40	0.01666	0.00674
50	0.01632	0.01245
60	0.02293	0.01628
70	0.03870	0.03019
80	0.08388	0.05555
90	0.21554	0.14949

Termination Rates

For miscellaneous employees: sum of CalPERS Terminated Refund and Terminated Vested rates for miscellaneous employees – Illustrative rates

Attained	Years of Service					
Age	0	3	5	10	15	20
15	0.1812	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1742	0.1193	0.0946	0.0000	0.0000	0.0000
25	0.1674	0.1125	0.0868	0.0749	0.0000	0.0000
30	0.1606	0.1055	0.0790	0.0668	0.0581	0.0000
35	0.1537	0.0987	0.0711	0.0587	0.0503	0.0450
40	0.1468	0.0919	0.0632	0.0507	0.0424	0.0370
45	0.1400	0.0849	0.0554	0.0427	0.0347	0.0290

Table 4 - Actuarial Methods and Assumptions (Continued)

Termination Rates (concluded)

For fire employees: sum of CalPERS Terminated Refund and Terminated Vested rates for firefighters – Illustrative rates

Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.0947	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.0947	0.0323	0.0257	0.0000	0.0000	0.0000
25	0.0947	0.0323	0.0257	0.0090	0.0000	0.0000
30	0.0947	0.0323	0.0257	0.0090	0.0079	0.0000
35	0.0947	0.0323	0.0257	0.0090	0.0079	0.0069
40	0.0947	0.0323	0.0257	0.0090	0.0079	0.0069
45	0.0947	0.0323	0.0257	0.0090	0.0079	0.0069

Service Retirement Rates

For miscellaneous employees hired before 1/1/2013: CalPERS Public Agency 2.7% @ 55 – Illustrative rates

Attained Age	Years of Service					
	5	10	15	20	25	30
50	0.0275	0.0350	0.0425	0.0500	0.0575	0.0650
55	0.0908	0.1155	0.1403	0.1650	0.1898	0.2145
60	0.0880	0.1120	0.1360	0.1600	0.1840	0.2080
65	0.1458	0.1855	0.2253	0.2650	0.3048	0.3445
70	0.1288	0.1638	0.1990	0.2340	0.2692	0.3042
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

For fire employees hired before 1/1/2013: CalPERS Public Agency 3% @ 55 for Firefighters – Illustrative rates

Attained Age	Years of Service					
	5	10	15	20	25	30
50	0.0120	0.0120	0.0120	0.0180	0.0280	0.0330
52	0.0180	0.0180	0.0180	0.0270	0.0420	0.0500
55	0.0920	0.0920	0.0920	0.1340	0.2110	0.2460
57	0.1000	0.1000	0.1000	0.1460	0.2300	0.2680
60	0.1170	0.1170	0.1170	0.1695	0.2670	0.3120
62	0.0975	0.0975	0.0975	0.1413	0.2225	0.2600
65 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Table 4 - Actuarial Methods and Assumptions (Continued)

Disability Retirement Rates

Illustrative rates:

CalPERS Public Agency Miscellaneous Disability Retirement Rates		
Age	Male	Female
20	0.00010	0.00010
25	0.00010	0.00010
30	0.00021	0.00020
35	0.00063	0.00088
40	0.00145	0.00164
45	0.00252	0.00243
50	0.00331	0.00311
55	0.00366	0.00306
60	0.00377	0.00253

CalPERS Public Agency Fire Combined Disability Retirement Rates	
Age	Unisex
20	0.00034
25	0.00130
30	0.00262
35	0.00382
40	0.00502
45	0.00632
50	0.00794
55	0.07305
60	0.07351

Healthcare Trend

Medical plan premiums are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2014	Actual	2020	6.00%
2015	8.50%	2021	5.50%
2016	8.00%	2022	5.00%
2017	7.50%	2023	4.50%
2018	7.00%	2024	4.50%
2019	6.50%	2025 & later	4.64%

The PEMHCA minimum required contribution (MEC) is assumed to increase at its actual rate for 2015, then annually by 4.5% thereafter.

Participation Rate

Active employees: 100% are assumed to continue their current medical plan election in retirement.

Retired participants: Existing medical plan elections are assumed to be maintained until the retiree's death.

Spouse Coverage

Active employees: 85% are assumed to be married and elect coverage for their spouse in retirement. Surviving spouses are assumed to retain coverage until their death. Husbands are assumed to be 3 years older than their wives.

Table 4 - Actuarial Methods and Assumptions (Concluded)

	Retired participants: Existing elections for spouse coverage are assumed to be maintained through retirement until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.
Dependent Coverage	*Active employees*: 30% are assumed to cover dependents other than a spouse under age 26 at retirement; eligibility for coverage for the youngest dependent is assumed to end at the retiree's age 62. *Retired participants* covering dependent children are assumed to end such coverage when the youngest currently covered dependent reaches age 26.
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Changes Since the Prior Valuation:

Mortality	Future improvement in mortality rates was projected by applying Scale AA on a fully generational basis to the rates published in the 1997-2007 CalPERS Experience Study.
Healthcare trend	Medical plan premiums are assumed to increase at slightly higher rates than were assumed in the prior valuation.
Spouse Coverage	The percentage of active employees who are assumed to elect coverage for their spouse in retirement was increased to 85%, from 80%.

Table 5
Projected Benefit Payments

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the Department.

- No benefits expected to be paid on behalf of current active employees prior to retirement are considered in this projection.
- No benefits for potential future employees have been included.

Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Table 4.

Projected Annual Benefit Payments			
Fiscal Year Ending June 30	Current Retirees	Future Retirees	Total
2014	$ 242,648	$ -	$ 242,648
2015	227,934	36,490	264,424
2016	240,419	59,981	300,400
2017	237,395	81,370	318,765
2018	248,184	103,974	352,158
2019	251,185	127,330	378,515
2020	260,264	149,057	409,321
2021	271,543	163,205	434,748
2022	270,583	187,855	458,438
2023	254,645	215,265	469,910
2024	260,254	230,854	491,108
2025	251,612	262,916	514,528
2026	253,215	279,321	532,536
2027	242,255	311,967	554,222
2028	243,473	336,242	579,715

Appendix 1
Expected Disclosures for Fiscal Year End June 30, 2014

The annual OPEB expense and net OPEB obligation for the fiscal year ending June 30, 2013 and June 30, 2014 were projected in the July 1, 2011 valuation and reflected Bickmore's understanding of OPEB contributions prior to that date. Since that valuation was prepared, the Department has adjusted and updated its payments (actual and/or expected) toward retiree premiums and contributions to CERBT through June 30, 2014.

The following exhibit updates the development of the annual OPEB expense and net OPEB obligation, providing the information assumed to be reported in the Department's financial statement for the fiscal year ending June 30, 2014.

Fiscal Year End	Prefunding Basis 6/30/2014
1. Calculation of the Annual OPEB Expense	
a. ARC for current fiscal year	$ 463,378
b. Interest on Net OPEB Obligation (Asset) at beginning of year	-
c. Adjustment to the ARC	-
d. **Annual OPEB Expense (a. + b. + c.)**	463,378
2. Calculation of Expected Contribution	
a. Estimated payments on behalf of retirees	242,648
b. Estimated contribution to OPEB trust	220,730
c. **Total Expected Employer Contribution**	463,378
3. Change in Net OPEB Obligation *(1.d. minus 2.c.)*	-
Net OPEB Obligation (Asset), beginning of fiscal year	-
Net OPEB Obligation (Asset) at fiscal year end	-

Appendix 2: Breakout of Department Results by Group

The table below breaks out the results for each group, reflecting the same funding policy illustrated in Tables 1A, 1B and 1C.

Funding Approach	**Prefunding Basis**					
	Retired before 7/1/2012	**Active or Retired on/after 7/1/2012**	**Total**	**Retired before 7/1/2012**	**Active or Retired on/after 7/1/2012**	**Total**
	Fiscal Year Ending 6/30/2015			Fiscal Year Ending 6/30/2016		
Interest Rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Amortization method	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay
Remaining amortization period (in years)	25	25	25	24	24	24
Number of Covered Employees						
Actives	-	33	33	-	33	33
Retirees	29	2	31	29	2	31
Total Participants	29	35	64	29	35	64
Actuarial Present Value of Projected Benefits						
Actives	$ -	$ 4,156,730	$ 4,156,730	$ -	$ 4,431,995	$ 4,431,995
Retirees	2,492,034	552,289	3,044,323	2,481,251	563,462	3,044,713
Total APVPB	2,492,034	4,709,019	7,201,053	2,481,251	4,995,457	7,476,708
Actuarial Accrued Liability						
Actives	-	3,124,769	3,124,769	-	3,449,773	3,449,773
Retirees	2,492,034	552,289	3,044,323	2,481,251	563,462	3,044,713
Total AAL	2,492,034	3,677,058	6,169,092	2,481,251	4,013,235	6,494,486
Actuarial Value of Assets	255,900	791,577	1,047,477	227,019	1,104,401	1,331,420
Unfunded Actuarial Accrued Liability	2,236,134	2,885,481	5,121,615	2,254,232	2,908,834	5,163,066
Amortization Factor	16.0671	16.0671	16.0671	15.6873	15.6873	15.6873
Annual Required Contribution (ARC)						
Normal Cost	-	118,266	118,266	-	122,110	122,110
Amortization of UAAL	139,174	179,589	318,763	143,698	185,425	329,123
Interest to end of fiscal year	10,438	22,339	32,777	10,777	23,066	33,843
ARC for Fiscal Year	149,612	320,194	469,806	154,475	330,601	485,076
Expected Net Employer Contribution						
Expected Retiree Benefit Payments	197,686	66,738	264,424	207,828	92,572	300,400
Expected Trust Contribution (Disbursement)	(48,074)	253,456	205,382	(53,353)	238,029	184,676

In order to allocate trust assets between groups, the July 1, 2013 assets were projected to July 1, 2014 based on the expected rate of return and contributions expected to be credited to the trust account prior to that date. This projected July 1, 2014 asset value was allocated between groups in proportion to the assets allocated by group on July 1, 2012 plus actual contributions since that date.

Appendix 3
General OPEB Disclosure and Required Supplementary Information

The information necessary to complete the OPEB footnote in the Department's financial reports is summarized below, or we note the location of the information contained elsewhere in this report:

Summary of Plan Provisions:	See Table 3A
OPEB Funding Policy:	See Section F; details are provided also at the top of the exhibit in Table 1B
Annual OPEB Cost and Net OPEB Obligation:	See Table 1C
Actuarial Methods and Assumptions:	See Table 4.
Funding Status and Funding Progress:	See Section E – Basic Valuation Results

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	$ -	$ 4,144,877	$ 4,144,877	0.0%	$ 2,638,186	157.11%
7/1/2011	$ 312,209	$ 5,117,093	$ 4,804,884	6.1%	$ 3,161,662	151.97%
7/1/2013	$ 771,411	$ 5,864,413	$ 5,093,002	13.2%	$ 3,453,704	147.46%

Required Supplementary Information: Three Year History of Amounts Funded
See chart below:

OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Employer OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2012	$ 358,844	$ 358,844	100%	$ -
6/30/2013	$ 448,792	$ 448,792	100%	$ -
6/30/2014	*$ 463,378*	*$ 463,378*	*100%*	*$ -*
6/30/2015	*$ 469,806*	*$ 469,806*	*100%*	*$ -*
6/30/2016	*$ 485,075*	*$ 485,075*	*100%*	*$ -*

Italicized values above are estimates which may change if contributions are other than projected.

Glossary

Actuarial Accrued Liability (AAL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; see "Actuarial Present Value"

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value (APV) – The amount presently required to fund a payment or series of payments in the future, it is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

Aggregate – An actuarial funding method under which the excess of the actuarial present value of projected benefits over the actuarial accrued liability is levelly spread over the earnings or service of the group forward from the valuation date to the assumed exit date, based not on individual characteristics but rather on the characteristics of the group as a whole

Annual Required Contribution (ARC) – The amount the employer would contribute to a defined benefit OPEB plan for a given year, it is the sum of the normal cost and some amortization (typically 30 years) of the unfunded actuarial accrued liability

Annual OPEB Expense – The OPEB expense reported in the Agency's financial statement, which is comprised of three elements: the ARC, interest on the net OPEB obligation at the beginning of the year and an ARC adjustment.

Attained Age Normal Cost (AANC) – An actuarial funding method where, for each plan member, the excess of the actuarial present value of benefits over the actuarial accrued liability (determined under the unit credit method) is levelly spread over the individual's projected earnings or service forward from the valuation date to the assumed exit date

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Entry Age Normal Cost (EANC) – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to assumed exit age

Glossary (Continued)

Frozen Attained Age Normal Cost (FAANC) – An actuarial funding method under which the excess of the actuarial present value of projected benefits over the actuarial accrued liability (determined under the unit credit method) is levelly spread over the earnings or service of the group forward from the valuation date to the assumed exit date, based not on individual characteristics but rather on the characteristics of the group as a whole

Frozen Entry Age Normal Cost (FEANC) – An actuarial funding method under which the excess of the actuarial present value of projected benefits over the actuarial accrued liability (determined under the entry age normal cost method) is levelly spread over the earnings or service of the group forward from the valuation date to the assumed exit date, based not on individual characteristics but rather on the characteristics of the group as a whole

Financial Accounting Standards Board (FASB) – A private, not-for-profit organization designated by the Securities and Exchange Commission (SEC) to develop generally accepted accounting principles (GAAP) for U.S. public corporations

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board

Net OPEB Obligation (Asset) - The net OPEB obligation (NOO) represents the accumulated shortfall of OPEB funding since GASB 45 was implemented. If cumulative contributions have exceeded the sum of the prior years' annual OPEB expenses, then a net OPEB asset results.

Non-Industrial Disability (NID) – Unless specifically contracted by the individual Agency, PAM employees are assumed to be subject to only non-industrial disabilities.

Normal Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the chosen funding method; also called current service cost

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees' Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that medical insurance contributions for retired annuitants and paid for by a contracting Agency be equal to the medical insurance contributions paid for its active employees, and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Glossary (Concluded)

Projected Unit Credit (PUC) – An actuarial funding method where, for each individual, the projected plan benefit is allocated by a consistent formula from entry date to assumed exit date

Public Agency Miscellaneous (PAM) – Actuarial assumptions used by CalPERS for most non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Trend – The healthcare cost trend rate, defined as the rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments

Unfunded Actuarial Accrued Liability (UAAL) – The excess of the actuarial accrued liability over the actuarial value of plan assets

Unit Credit (UC) -- An actuarial funding method where, for each individual, the unprojected plan benefit is allocated by a consistent formula from entry date to assumed exit date

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility