



**B**ARTEL  
ASSOCIATES, LLC

**Contra Costa Water District  
Retiree Healthcare Plan**

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**June 30, 2014 Actuarial Valuation  
For Calendar Year 2015 Contributions  
For Fiscal Year 2015 Reporting**

**Final Results**

December 2014



**ACTUARIAL VALUATION**  
**CONTRA COSTA WATER DISTRICT**  
**RETIREE HEALTHCARE PLAN**

We are pleased to present the results of our June 30, 2014 GASB 45 actuarial valuation of the Contra Costa Water District Retiree Healthcare Plan (Plan).

The purpose of this valuation is to:

- Determine the Governmental Accounting Standards Board Statement Nos. 43 and 45 (GASB 43 and 45) June 30, 2014 Benefit Obligations,
- Determine the District's June 30, 2014 Funded Status, and
- Calculate the 2015 calendar year Annual Required Contributions.

The report provides information intended for reporting under GASB 43 and 45, but may not be appropriate for other purposes. Information provided in this report may be useful to the District for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in plan design, actuarial methods or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on the Plan's benefit provisions summarized in Section 8, participant data, and on the Plan's financial information, all furnished by the District. We reviewed the financial and participant data for reasonableness, including comparing to prior year data, but did not perform an audit.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASB Statements 43 and 45. As members of the American Academy of Actuaries, meeting Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,



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Mary Elizabeth Redding  
FSA, EA, MAAA  
Assistant Vice President  
Bartel Associates, LLC  
December 18, 2014



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Bianca Lin  
FSA, EA, MAAA  
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December 18, 2014



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Tak Frazita  
ASA, MAAA  
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December 18, 2014

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# SECTION 1

## EXECUTIVE SUMMARY

Following are the valuation results. See discussion following the table. Results from the July 1, 2013 valuation were prepared by Buck Consultants and are included for comparative purposes.

(amounts in \$000s)

	July 1, 2013	June 30, 2014	% change
<b>■ Participant Counts</b>			
• Actives	293	287	(2.0%)
• Retirees & Beneficiaries	198	209	5.6%
• Total	491	496	1.0%
<b>■ Projected Payroll for Contribution Year</b>			
	\$ 27,375	\$ 27,611	0.9%
<b>■ Assets</b>			
• Market Value of Assets	\$ 19,846	\$ 26,010	31.1%
• Approximate Annual Rate of Return	9.5%	14.7%	
• Actuarial Value of Assets	19,846	24,508	23.5%
• Approximate Annual Rate of Return	9.5%	7.7%	
<b>■ Plan Funded Status</b>			
• Actuarial Accrued Liability	\$ 81,131	\$ 77,246	(4.8%)
• Actuarial Value of Plan Assets	19,846	24,508	23.5%
• Unfunded Actuarial Accrued Liability	61,285	52,738	(13.9%)
• Funded Ratio, Actuarial Value Basis	24.5%	31.7%	
• Funded Ratio, Market Value Basis	24.5%	33.7%	
	2013/14	2015	% change
<b>■ Annual Required Contribution (ARC)</b>			
• Total Normal Cost	\$ 2,252	\$ 2,733	21.4%
• Employee Normal Cost	1,186	1,242	4.7%
• Net District Normal Cost	1,066 <sup>1</sup>	1,490	39.8%
• Amortization of Unfunded Liability	3,224	3,525	9.3%
• Total District ARC	4,290	5,016	16.9%
	2013/14	2014/15	% change
<b>■ Fiscal Year Total District ARC</b>			
	\$ 4,290	\$ 4,943	15.2%

<sup>1</sup> Recalculated to reflect actual 13/14 employee contributions

# SECTION 1

## EXECUTIVE SUMMARY

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The following table lists various measures of retirement plan risk, or contribution volatility

(amounts in \$000s)

	July 1, 2013	June 30, 2014
<b>■ Risk Measures – Market Value of Assets</b>		
• Actuarial Accrued Liability	\$ 81,131	\$ 77,246
• Market Value of Assets	19,846	26,010
• Unfunded AAL (on MVA)	61,285	51,236
• Funded Ratio (MVA/AAL)	24.5%	33.7%
• UAAL (on MVA)/Payroll <sup>2</sup>	223.9%	188.6%
<b>■ Payroll for year following valuation date</b>	<b>\$ 27,375</b>	<b>\$ 27,173</b>
<b>■ Risk Measures – Actuarial Value of Assets</b>		
• Actuarial Accrued Liability	\$ 81,131	\$ 77,246
• Actuarial Value of Assets	19,846	24,508
• Unfunded AAL (on AVA)	61,285	52,738
• Funded Ratio (AVA/AAL)	24.5%	31.7%
• UAAL (on AVA)/Payroll	223.9%	194.1%
<b>■ Volatility Ratios</b>		
• Asset Volatility Index (MVA/Payroll)	0.7	0.9
• Liability Volatility Index (AAL/Payroll)	2.9	2.8
• Maturity Ratio (Retiree Count/Total Count)	40.3%	42.3%
• Maturity Ratio (Retiree AAL/Total AAL)	55.5%	55.2%

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<sup>2</sup> Payroll for year beginning on valuation date. Since no payroll was included in the July 1, 2013 GASB 45 report, the payroll from June 30, 2013 pension report was used.

# SECTION 1

## EXECUTIVE SUMMARY

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### **Discussion of Results**

Since the last valuation, the Plan experienced gains on liabilities and on market value of assets. Plan liabilities increased less than expected. Healthcare premium increases less than expected caused a \$4.5 million gain. The changes on demographic and economic assumptions (see below assumption changes) resulted in a \$2.1 million liability loss. Market value return on assets was more than expected, resulting in a \$1.5 million gain.

The Plan's funded ratio on the actuarial value of assets basis is 31.7%, an increase from 24.5% in the prior valuation. The Plan's funded ratio on a market value of assets basis is 33.7%, an increase from 24.5% in the prior valuation.

### **Funding Method Changes**

For consistency with the retirement plan's funding policy, the asset valuation method has been changed from market value of assets to 5-year smoothed actuarial value of assets. The change on asset method resulted in \$1.5 million increase in the Unfunded Actuarial Liability (UAAL).

The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal decreasing liabilities by \$7.9 million. In addition, the amortization basis has been changed to a fixed period ending in 2038.

To be consistent with the retirement plan funding policy, the contributions in this and future valuations will be calculated for the calendar year following the valuation date. For reporting purposes, we continue to show the ARC for the fiscal year as well.

### **Assumption Changes**

An Experience Study was conducted in 2014 which examined the actual demographic experience of Plan participants over the period June 30, 2009 through June 30, 2014. We understand that the most recent full experience study was in 2004, with an update in 2008. Based on the 2014 study results, Bartel Associates recommended and the District adopted a set of actuarial assumptions which are the basis of this actuarial valuation. The assumption regarding projected salary increases was changed to a two-factor assumption, consisting of assumed future inflation plus a table dependent on service and classification. This reflects the compensation patterns produced by the District's step increases. The new assumptions also include a change in the discount rate from 7.5% to 7.25%. In addition, the mortality tables were changed to reflect recent increases in longevity as well as our expectation that mortality will continue to improve in the future.

### **Employee Contributions**

Effective September 1, 2011, all employees are required to make contribution to the OPEB trust. Currently employees contribute 4.5% of payroll. We believe employee contributions were not taken into account in the prior valuation and we have recalculated the prior year ARC to reflect those contributions. Beginning in the June 30, 2014 valuation, the District's Annual Required Contribution (ARC) is calculated net of the expected employee contributions.

## SECTION 2

### LIABILITY INFORMATION & FUNDED STATUS

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A comparison of the Present Value of Benefits, Actuarial Accrued Liability, Employer Normal Cost, and the Funded Ratio for the current and prior valuations follows. (Note that numbers throughout the report may not add due to rounding.)

(amounts in \$000s)

	July 1, 2013	June 30, 2014
<b>■ Present Value of Projected Benefits</b>		
● Active Employees	N/A	\$ 56,253
● Retirees and Beneficiaries	\$ 36,139	42,611
● Total	N/A	98,864
<b>■ Actuarial Accrued Liability</b>		
● Active Employees	\$ 44,992	\$ 34,635
● Retirees and Beneficiaries	36,139	42,611
● Total	81,131	77,246
	2013/14	2015
<b>■ Normal Cost (payable middle of contribution year)</b>		
● Total Normal Cost	\$ 2,252	\$ 2,733
	July 1, 2013	June 30, 2014
<b>■ Plan Funded Status</b>		
● Total Actuarial Accrued Liability	\$ 81,131	\$ 77,246
● Actuarial Value of Assets	19,846	24,508
● Unfunded Actuarial Accrued Liability	61,285	52,738
● Funded Ratio – Actuarial Value Basis	24.5%	31.7%
● Market Value of Assets	19,846	26,010
● Funded Ratio – Market Value Basis	24.5%	33.7%



## SECTION 2

### LIABILITY INFORMATION & FUNDED STATUS

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**History of UAAL and Funded Ratio** (amounts in \$000s)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	\$ 0	\$ 48,374	\$ 48,374	0.0%	\$ 22,991	210.4%
7/1/2009	6,844	59,586	52,742	11.5%	26,049	202.5%
7/1/2011	12,560	71,409	58,849	17.6%	27,893	211.0%
7/1/2013	19,846	81,131	61,285	24.5%	27,375	223.9%
6/30/2014	24,508	77,246	52,738	31.7%	27,173	194.1%

## SECTION 3

### ASSET INFORMATION

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Assets for the Plan are held in trust. Trust monies may be used to pay benefits to Plan participants and their beneficiaries. The trust is managed under the direction of the District. Asset information is provided by the Contra Costa Water District, and has not yet been audited.

#### Asset Reconciliation – Market Value of Trust Assets

Following reconciles the July 1, 2012 through June 30, 2013 and the July 1, 2013 through June 30, 2014 market value of assets.

	(amounts in \$000s)	
	2012/13	2013/14
■ Beginning of Year Balance:	\$ 15,088	\$ 19,846
■ Additions		
• Additions		
• Member Contributions	885	1,097
• District Contributions	4,723	4,722
• Investment Income, net of investment expense	1,665	3,253
• Total Additions	7,273	9,072
■ Deductions		
• Benefit Payments <sup>3</sup>	2,433	2,802
• Administrative Expenses and Trust Fees	83	107
• Total Deductions	2,516	2,909
■ Net Assets at End of Year	19,846	26,010
■ Approximate Return on Assets	9.5%	14.7%

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<sup>3</sup> Refunds of employee contributions are made from non-Trust District funds.

## SECTION 3

### ASSET INFORMATION

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#### Asset Allocation

The June 30, 2014 Trust asset allocation is provided by the Contra Costa Water District. Details are shown below.

(amounts in \$000s)

	Market Value	Percentage
■ Cash and Cash Equivalents	\$ 23,503	90.4%
■ Investments		
• US Treasury Securities		
• Federal Agency Securities		
• Corporate bonds		
• Foreign Bonds		
• Equity Securities		
• Foreign Securities		
• Equity Mutual Funds	\$2,507	
• Municipal Bond Mutual Funds		
• Total Investments	2,507	9.6%
■ Receivables	0	
■ Total Assets	26,010	100.0%

Please note the high position of cash and cash equivalents at June 30, 2014 was due to the transition from HighMark Capital to Buck as the Investment Advisor.

#### Target Allocation by Asset Class

The Board Directors of Contra Costa Water District last revised the asset allocation in January 2014, as shown below.

	Low	Normal	High
■ Broad Domestic Equity	31%	35%	39%
■ International Equity	11%	14%	17%
■ Domestic Fixed Income	24%	28%	32%
■ Real Estate	5%	8%	11%
■ Emerging Markets Debt	3%	5%	7%
■ Multi-Asset Class	7%	10%	13%

## SECTION 3

### ASSET INFORMATION

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#### Development of Actuarial Value of Assets

Market Value of Assets was used in the prior valuation. In the June 30, 2014 valuation the Actuarial Value of Assets is based on a five year smoothing of market assets. This method reduces volatility in contribution rates, and also reduces volatility in the size of the actuarial gains and losses due to asset returns.

(amounts in \$000s)

	<b>2013/14</b>
■ Market Value of Assets June 30, 2013	\$19,846
• Contributions (Employee + Employer)	5,820
• Expected Earnings	1,602
• Benefit Payments	(2,802)
■ Expected Market Value of Assets June 30, 2014	24,466
■ Market Value of Assets June 30, 2014	26,010
■ Difference between MVA & Expected MVA	1,544

<b>Year Ending June 30</b>	<b>Asset Gain/(Loss)</b>	<b>Percentage Not Yet Recognized as of June 30, 2014</b>	<b>Amount Not Yet Recognized as of June 30, 2014</b>
2011	\$ 1,419	20%	\$ 284
2012	(417)	40%	(167)
2013	249	60%	149
2014	1,544	80%	1,235

(1) Total Amount Not Yet Recognized as of June 30, 2014	1,502
(2) Net Market Value of Assets	26,010
(3) Net Actuarial Value of Assets (2) – (1)	24,508

## SECTION 4

### CONTRIBUTION DEVELOPMENT

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#### Annual Required Contribution

Following is the development of the 2015 Annual Required Contribution. The fiscal year 2013/14 Annual Required Contribution, which was calculated in the July 1, 2013 actuarial valuation, is shown for comparison.

	(amounts in \$000s)	
<b>Contribution Year</b>	<b>2013/14</b>	<b>2015</b>
■ Annual Required Contribution		
• Total Normal Cost	\$ 2,252	\$ 2,733
• Employee Normal Cost	1,186	1,242
• Net District Normal Cost	1,066 <sup>4</sup>	1,490
• Amortization of Unfunded Liability	3,224	3,525
• Total District Annual Required Contribution	4,290	5,016
■ Projected Payroll for Contribution Year	27,375	27,611
■ Annual Required Contribution (ARC) (as a percent of Projected Payroll)		
• Total Normal Cost	8.2%	9.9%
• Employee Normal Cost	4.3%	4.5%
• Net District Normal Cost	3.9%	5.4%
• Amortization of Unfunded Liability	11.8%	12.8%
• Total District Annual Required Contribution	15.7%	18.2%

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<sup>4</sup> Recalculated to reflect actual 13/14 employee contributions

## SECTION 4

### CONTRIBUTION DEVELOPMENT

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#### Schedule of Unfunded Actuarial Accrued Liability Amortization Bases

(amounts in \$000s)

Schedule of UAAL Amortization Bases	Original Amount	Number of Remaining Payments	Outstanding Balance as of June 30, 2014	Annual Contribution for 2015
2014 Base	\$ 52,738	24	\$ 52,738	\$ 3,525
<b>Total</b>			52,738	3,525

## SECTION 5

### ACTUARIAL (GAIN)/LOSS ANALYSIS

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The gain/loss analysis of Plan assets, actuarial liability, and unfunded actuarial liability for the one year period between valuation dates is shown below:

(amounts in \$000s)

	Actuarial Accrued Liability (Gain)/Loss	Actuarial Asset Value Gain/(Loss)	Unfunded Accrued Liability (Gain)/Loss
■ <b>July 1, 2013 Actual Value</b>	\$ 81,131	\$ 19,846	\$ 61,285
• Bartel Associates July 1, 2013 matching value	82,874	19,846	63,028
■ <b>June 30, 2014 Expected Value</b>	86,646	24,122	62,524
• Demographic (gain)/loss	899	-	899
• Premium increase less than expected	(4,535)	-	(4,535)
• Projection of mortality improvement	3,828	-	3,828
• Discount rate changed from 7.50% to 7.25%	1,792	-	1,792
• Other changes in actuarial assumptions	(3,443)	-	(3,443)
• Contributions other than expected	-	344	(344)
• Investment (gain)/loss	-	1,544	(1,544)
• Actuarial method change	(7,941)	(1,502)	(6,439)
■ <b>June 30, 2014 Actual Value</b>	77,246	24,508	52,738

## SECTION 6

### GASB 43 AND 45 INFORMATION

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The following table shows estimated Net OPEB Asset for the fiscal years 2013/14 and 2014/15.

(amounts in \$000s)

	CAFR 2013/14	Estimated 2014/15
■ Net OPEB Asset Beginning of Year	\$ (3,241)	\$ (3,554)
■ Annual OPEB Cost		
• ARC	5,476	4,943
• Interest on NOO	(243)	(258)
• Amortization of NOO	274	229
• Annual OPEB Cost	5,507	4,914
■ Contributions		
• Cash Benefit Payments outside of Trust	n/a	29
• District Contributions to Trust	n/a	4,914
• Total	5,820	4,943
■ Net OPEB Asset End of Year	(3,554)	(3,583)

The Trust's annual OPEB cost and actual OPEB Cost contributed as reported in the CAFR are as follows:

(amounts in \$000s)

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Change in Net OPEB Asset	Net OPEB Obligation (Asset)
6/30/12	\$ 4,835	\$ 4,095	84.7%	\$740	\$ (2,462)
6/30/13	4,829	5,609	116.2%	(780)	(3,241)
6/30/14	5,507	5,820	105.7%	(313)	(3,554)



## SECTION 6

### GASB 43 AND 45 INFORMATION

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#### Schedule of Funding Progress

(amounts in \$000s)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
7/1/11	\$ 12,560	\$ 71,409	\$ 58,849	17.6%	\$ 27,893	211.0%
7/1/13	19,846	81,131	61,285	24.5%	27,375	223.9%
6/30/14	24,508	77,246	52,738	31.7%	27,173	194.1%

## SECTION 7

### BENEFIT PAYMENT PROJECTIONS

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The following table illustrates the expected cash and implied subsidy benefit payments, employee contributions and refund of employee contributions in the next 5 years.

(amounts in \$000s)

<b>Fiscal Year</b>	<b>Cash Benefit Payment</b>	<b>Implied Subsidy Benefit Payment</b>	<b>Employee Contribution</b>	<b>Refund of Employee Contribution</b>	<b>Projected Payroll</b>
<b>2014/15</b>	\$3,194	\$109	\$1,223	\$29	\$27,173
<b>2015/16</b>	3,505	118	1,263	35	28,056
<b>2016/17</b>	3,849	150	1,304	37	28,968
<b>2017/18</b>	4,199	125	1,346	36	29,909
<b>2018/19</b>	4,520	96	1,390	23	30,881

## SECTION 8

### PLAN PROVISION SUMMARY

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#### A. Eligibility

- Clerical/Maintenance employees
  - Age 50 and 10 years of District service
- Board of Directors
  - Age 55 with 10 years of District service
- Professional/Supervisory, Confidential, and Unrepresented employees
  - Age 50 with 5 years of District service
- Disability retirements are subject to the age and service requirements above.

#### B. Benefit

- Retired employees receive medical coverage for life.
- Spouses and dependents of Clerical/Maintenance retirees who retire after July 1, 2000 receive lifetime coverage, provided the retiree chose the Joint & Survivor option at retirement. If the retiree did not choose this option, the spouse and dependents will lose coverage at the later of the retiree's death or the spouse's 65<sup>th</sup> birthday.
- Spouses and dependents of all other retirees who chose the Joint & Survivor option at retirement will lose coverage at the later of the retiree's death or the spouse's 65<sup>th</sup> birthday. If these retirees did not choose this option, spouse and dependent coverage ends upon the retiree's death.
- Surviving spouses of active employees who were eligible for retirement receive benefit they would have been eligible for if the employee retired and selected the Joint & Survivor option at retirement.
- A retiree life insurance benefit of \$5,000 is also provided to all retirees. Some current retirees have lower life insurance amounts which were provided by the District.

#### C. Employee Contribution

- Effective September 1, 2011, all employees contribute 2.5% from September 1, 2011 through August 31, 2012, 3.5% from September 1, 2012 through August 31, 2013 and 4.5% from September 1, 2013 through August 31, 2014. Currently the 4.5% employee contribution has been extended beyond August 31, 2014.
- If an employee separates from the District other than by a direct retirement, all employee contributions plus 5% interest per annum compounded annually will be

## SECTION 8 PLAN PROVISION SUMMARY

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returned to the employee upon separation. This separation payment will be made through a separate District reserve fund and not the OPEB trust.

### D. Medical Premiums

#### Pre-Medicare Monthly Premiums

Medical Plan	EE	EE+1	Family
Kaiser	\$ 749.19	\$ 1,498.37	\$ 2,120.20
Health Net	1,153.78	2,322.01	3,301.55
Blue Cross	720.57	1,645.36	1,971.45

#### Post-Medicare Monthly Premiums

Medical Plan	EE	EE+1	Family
Kaiser	\$ 418.47	\$ 836.94	\$ 1,471.45
Health Net	479.50	n/a	n/a
Blue Cross	518.75	1,228.56	1,409.94

### E. Other OPEB

No District contribution for retiree dental, vision, or Medicare Part B reimbursement.

## SECTION 9

### METHODS AND ASSUMPTIONS

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#### **Actuarial Cost Methods**

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) method. The Present Value of Projected Benefits (PVPB) is the present value of all future benefits for current plan participants. The Normal Cost is calculated by allocating each employee's PVPB as a level percent of pay from entry through the last expected retirement age. The Actuarial Accrued Liability (AAL) represents the portion of the PVPB attributable to past service and is calculated as the PVPB less the present value of all future Normal Costs.

The Projected Unit Credit actuarial cost method was used in the July 1, 2013 actuarial valuation.

#### **Funding Policy**

The June 30, 2014 Unfunded Actuarial Unfunded Liability is being amortized, over a 24 year closed period, as a level percentage of projected payroll, assuming 3.25% payroll growth.

#### **Asset Valuation Method**

The Actuarial Value of Assets is a 5-year smoothed market value. Gains and losses are recognized over a five year period.

Market Value of Assets was used in the July 1, 2013 actuarial valuation.

#### **Data Quality**

The District provided participant data as of 6/30/2014. We reviewed the data, but did not perform an audit.

#### **Basis for Assumptions**

The assumptions are based on a study of 2009-2014 Plan experience, except for the mortality assumption. Because of the small group population, Society of Actuaries tables based on nationwide pensioner experience have been used.

## SECTION 9 METHODS AND ASSUMPTIONS

### Actuarial Assumptions

Assumptions used in the actuarial valuation are as follows:

July 1, 2013 Valuation (Buck Consultants)	June 30, 2014 Valuation (Bartel Associates)																																																																																						
<p>■ <b>Discount Rate</b></p> <ul style="list-style-type: none"> <li>• 7.50%</li> </ul>	<p>■ Discount Rate</p> <ul style="list-style-type: none"> <li>• 7.25%,</li> </ul>																																																																																						
<p>■ <b>Inflation</b></p> <ul style="list-style-type: none"> <li>• N/A</li> </ul>	<p>■ <b>Inflation</b></p> <ul style="list-style-type: none"> <li>• 3.0%</li> </ul>																																																																																						
<p>■ <b>Salary Scale</b></p> <ul style="list-style-type: none"> <li>• 4.00% for amortization of unfunded actuarial accrued liability</li> </ul>	<p>■ <b>Salary Increases</b></p> <ul style="list-style-type: none"> <li>• 3.00% CPI plus</li> <li>• Pay increase based on years of District service, employment group, and Entry Age with the District. Sample rates: (Entry Age = EA):</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Service</th> <th style="text-align: center;">Clerical</th> <th style="text-align: center;">Directors</th> <th style="text-align: center;">Other EA &lt; 40</th> <th style="text-align: center;">Other EA &gt; 40</th> </tr> </thead> <tbody> <tr> <td>2</td> <td style="text-align: center;">3.75%</td> <td style="text-align: center;">0.00%</td> <td style="text-align: center;">5.25%</td> <td style="text-align: center;">2.75%</td> </tr> <tr> <td>7</td> <td style="text-align: center;">1.00%</td> <td style="text-align: center;">0.00%</td> <td style="text-align: center;">2.25%</td> <td style="text-align: center;">0.75%</td> </tr> <tr> <td>12</td> <td style="text-align: center;">1.00%</td> <td style="text-align: center;">0.00%</td> <td style="text-align: center;">1.75%</td> <td style="text-align: center;">0.75%</td> </tr> <tr> <td>17</td> <td style="text-align: center;">0.75%</td> <td style="text-align: center;">0.00%</td> <td style="text-align: center;">0.75%</td> <td style="text-align: center;">0.75%</td> </tr> </tbody> </table>	Service	Clerical	Directors	Other EA < 40	Other EA > 40	2	3.75%	0.00%	5.25%	2.75%	7	1.00%	0.00%	2.25%	0.75%	12	1.00%	0.00%	1.75%	0.75%	17	0.75%	0.00%	0.75%	0.75%																																																													
Service	Clerical	Directors	Other EA < 40	Other EA > 40																																																																																			
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## SECTION 9 METHODS AND ASSUMPTIONS

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<p>■ <b>Medical Plan at Retirement</b></p> <ul style="list-style-type: none"> <li>Active employees are assumed to elect the same medical plan at retirement. Those who currently waive active medical coverage are assumed to elect the Kaiser plan</li> <li>Current retirees retain their current elections.</li> </ul>	<p>■ <b>Medical Plan at Retirement</b></p> <ul style="list-style-type: none"> <li>Same</li> </ul>																																										
<p>■ <b>Health Care Trend</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Fiscal Year Starting</u></th> <th style="text-align: center;"><u>Pre- Medicare</u></th> <th style="text-align: center;"><u>Post- Medicare</u></th> </tr> </thead> <tbody> <tr><td>2013</td><td style="text-align: center;">8.00%</td><td style="text-align: center;">7.00%</td></tr> <tr><td>2014</td><td style="text-align: center;">7.75%</td><td style="text-align: center;">6.75%</td></tr> <tr><td>2015</td><td style="text-align: center;">7.50%</td><td style="text-align: center;">6.50%</td></tr> <tr><td>2020</td><td style="text-align: center;">6.25%</td><td style="text-align: center;">5.25%</td></tr> <tr><td>2025</td><td style="text-align: center;">5.00%</td><td style="text-align: center;">4.50%</td></tr> <tr><td>2027+</td><td style="text-align: center;">4.50%</td><td style="text-align: center;">4.50%</td></tr> </tbody> </table>	<u>Fiscal Year Starting</u>	<u>Pre- Medicare</u>	<u>Post- Medicare</u>	2013	8.00%	7.00%	2014	7.75%	6.75%	2015	7.50%	6.50%	2020	6.25%	5.25%	2025	5.00%	4.50%	2027+	4.50%	4.50%	<p>■ <b>Health Care Trend</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Fiscal Year Starting</u></th> <th style="text-align: center;"><u>Pre- Medicare</u></th> <th style="text-align: center;"><u>Post- Medicare</u></th> </tr> </thead> <tbody> <tr><td>2015</td><td style="text-align: center;">7.24%</td><td style="text-align: center;">7.49%</td></tr> <tr><td>2016</td><td style="text-align: center;">6.74%</td><td style="text-align: center;">6.94%</td></tr> <tr><td>2017</td><td style="text-align: center;">6.24%</td><td style="text-align: center;">6.39%</td></tr> <tr><td>2018</td><td style="text-align: center;">5.74%</td><td style="text-align: center;">5.84%</td></tr> <tr><td>2019</td><td style="text-align: center;">5.24%</td><td style="text-align: center;">5.29%</td></tr> <tr><td>2020+</td><td style="text-align: center;">5.00%</td><td style="text-align: center;">5.00%</td></tr> </tbody> </table>	<u>Fiscal Year Starting</u>	<u>Pre- Medicare</u>	<u>Post- Medicare</u>	2015	7.24%	7.49%	2016	6.74%	6.94%	2017	6.24%	6.39%	2018	5.74%	5.84%	2019	5.24%	5.29%	2020+	5.00%	5.00%
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## SECTION 9 METHODS AND ASSUMPTIONS

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July 1, 2013 Valuation (Buck Consultants)	June 30, 2014 Valuation (Bartel Associates)												
<p>■ <b>Health Care Reform Cadillac Tax</b></p> <ul style="list-style-type: none"> <li>Assumed the cost of any Cadillac tax will be included in the form of higher premiums, and used a higher loaded trend rate assumption for premiums. This resulted in an approximate increase of 1.3% to liabilities</li> </ul>	<p>■ <b>Health Care Reform Cadillac Tax</b></p> <ul style="list-style-type: none"> <li>The following trend rate assumption are added to the healthcare trend rates above for the Cadillac Tax:</li> </ul> <table style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Healthcare trend</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2014-2030</td> <td style="text-align: center;">0.0%</td> </tr> <tr> <td style="text-align: center;">2031-2040</td> <td style="text-align: center;">1.0%</td> </tr> <tr> <td style="text-align: center;">2041-2050</td> <td style="text-align: center;">0.7%</td> </tr> <tr> <td style="text-align: center;">2051-2060</td> <td style="text-align: center;">0.6%</td> </tr> <tr> <td style="text-align: center;">2061+</td> <td style="text-align: center;">0.4%</td> </tr> </tbody> </table>	<u>Year</u>	<u>Healthcare trend</u>	2014-2030	0.0%	2031-2040	1.0%	2041-2050	0.7%	2051-2060	0.6%	2061+	0.4%
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## SECTION 9 METHODS AND ASSUMPTIONS

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<p>■ <b>Claims Cost</b></p> <ul style="list-style-type: none"> <li>Medical costs were based on census and premium information provided by the District, as well as the age morbidity factors below.</li> <li>Annual calendar year per capital claim costs at age 65 for retirees and spouses (including administrative expenses) are as follows:</li> </ul> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Plan</u></th> <th style="text-align: center;"><u>&lt;65</u></th> <th style="text-align: center;"><u>&gt;65</u></th> </tr> </thead> <tbody> <tr> <td>Kaiser HMO</td> <td style="text-align: right;">\$14,891</td> <td style="text-align: right;">\$4,181</td> </tr> <tr> <td>Health Net HMO</td> <td style="text-align: right;">\$19,711</td> <td style="text-align: right;">4,504</td> </tr> <tr> <td>Anthem Blue Cross PPO</td> <td style="text-align: right;">\$13,623</td> <td style="text-align: right;">5,493</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>The per capita costs shown were based on age adjustments to reported premiums. A 1% load was included to account for those retirees covering non spouse dependents.</li> <li>The following factors give the assumed annual increases in per capita claim costs for each age, adjusting the age 65 per capita claims cost.</li> </ul> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Age</u></th> <th style="text-align: center;"><u>Annual Increase</u></th> </tr> </thead> <tbody> <tr><td>Under 40</td><td style="text-align: center;">2.0%</td></tr> <tr><td>40-44</td><td style="text-align: center;">2.5%</td></tr> <tr><td>45-49</td><td style="text-align: center;">2.6%</td></tr> <tr><td>50-54</td><td style="text-align: center;">3.2%</td></tr> <tr><td>55-59</td><td style="text-align: center;">3.4%</td></tr> <tr><td>60-64</td><td style="text-align: center;">3.7%</td></tr> <tr><td>65-69</td><td style="text-align: center;">3.2%</td></tr> <tr><td>70-74</td><td style="text-align: center;">2.4%</td></tr> <tr><td>75-79</td><td style="text-align: center;">1.8%</td></tr> <tr><td>80-84</td><td style="text-align: center;">1.3%</td></tr> <tr><td>85+</td><td style="text-align: center;">0.0%</td></tr> </tbody> </table>	<u>Plan</u>	<u>&lt;65</u>	<u>&gt;65</u>	Kaiser HMO	\$14,891	\$4,181	Health Net HMO	\$19,711	4,504	Anthem Blue Cross PPO	\$13,623	5,493	<u>Age</u>	<u>Annual Increase</u>	Under 40	2.0%	40-44	2.5%	45-49	2.6%	50-54	3.2%	55-59	3.4%	60-64	3.7%	65-69	3.2%	70-74	2.4%	75-79	1.8%	80-84	1.3%	85+	0.0%	<p>■ <b>Claims Cost</b></p> <p>The following table shows sample estimated participant age-based monthly claims costs for the District's healthcare plans:</p> <table style="margin-left: 40px; 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## SECTION 10 PARTICIPANT DATA

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### Data Summary

Following summarizes participant demographic information for the July 1, 2013 and June 30, 2014 actuarial valuations.

	July 1, 2013	June 30, 2014
<b>■ Participant Counts</b>		
• Actives	293	287
• Service Retirees	189	202
• Disabled Participants	3	3
• Beneficiaries	6	4
• Total	491	496
<b>■ Actives</b>		
• Average Age	48.5	48.2
• Average Service	12.3	12.1
• Salary		
> Total (\$000s)	N/A	\$ 27,173
> Average	N/A	94,678
<b>■ Retirees, Disableds &amp; Beneficiaries</b>		
• Average Age	N/A	67.5
• Average Service Retirement Age <sup>5</sup>	N/A	58.3
• Average Disabled Retirement Age	N/A	46.0

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<sup>5</sup> Excludes 4 beneficiaries receiving benefits.

## SECTION 10 PARTICIPANT DATA

### Active Participant Statistics

**June 30, 2014**

Bargaining Unit	Clerical/ Maintenance	Professional/ Supervisory	Unrepresented	Confidential	Directors	Total
<b>BU #</b>	<b>10</b>	<b>20</b>	<b>30</b>	<b>40</b>	<b>90</b>	
<b>■ Actives</b> <ul style="list-style-type: none"> <li>• Count</li> <li>• Average Age</li> <li>• Average Service</li> <li>• Average Pay</li> <li>• Total Payroll (\$000s)</li> </ul>	170	84	19	10	4	287
	47.6	48.2	48.9	50.7	67.4	48.2
	12.0	12.1	13.3	10.6	19.3	12.1
	\$ 78,473	\$ 114,104	\$ 169,032	\$ 101,200	\$ 6,000	\$ 94,678
	13,340	9,585	3,212	1,012	24	27,173

**July 1, 2013<sup>6</sup>**

Bargaining Unit	Clerical/ Maintenance	Professional/ Supervisory	Unrepresented	Confidential	Directors	Total
<b>BU #</b>	<b>10</b>	<b>20</b>	<b>30</b>	<b>40</b>	<b>90</b>	
<b>■ Actives</b> <ul style="list-style-type: none"> <li>• Count</li> <li>• Average Age</li> <li>• Average Service</li> <li>• Average Pay</li> <li>• Total Payroll (\$000s)</li> </ul>	174	86	19	9	5	293
	47.6	49.0	48.6	49.2	68.2	48.5
	12.0	12.7	12.7	11.3	16.7	12.3
	\$ 75,361	\$ 110,970	\$ 162,674	\$ 100,066	\$ 12,000	\$ 91,153
	13,113	9,543	3,091	901	60	26,708

<sup>6</sup> Prepared by Bartel Associates based on the 7/1/13 valuation data provided by Buck Consultants.

## SECTION 10 PARTICIPANT DATA

### Retiree Participant Statistics

**June 30, 2014**

Bargaining Unit	Clerical/ Maintenance	Professional/ Supervisory	Unrepresented	Confidential	Directors	Total
BU #	10	20	30	40	90	
■ Retirees						
• Count <sup>7</sup>	110	64	25	9	1	209
• Average Age	68.8	66.1	66.1	66.6	68.7	67.5
• Average Ret. Age						
➢ Service	59.3	57.8	56.6	55.3	64.5	58.3
➢ Disability	49.1	n/a	39.7	n/a	n/a	46.0
➢ All Retirees	59.1	57.8	55.9	55.3	64.5	58.2

**July 1, 2013<sup>8</sup>**

Bargaining Unit	Clerical/ Maintenance	Professional/ Supervisory	Unrepresented	Confidential	Directors	Total
BU #	10	20	30	40	90	
■ Retirees						
• Count	106	57	24	9	2	198
• Average Age	68.6	66.1	65.4	65.6	79.6	67.4
• Average Ret. Age						
➢ Service	59.4	57.7	56.5	55.3	65.1	58.4
➢ Disability	49.1	n/a	39.7	n/a	n/a	46.0
➢ All Retirees	59.2	57.7	55.8	55.3	65.1	58.2

<sup>7</sup> Includes 4 surviving spouses of deceased retirees.

<sup>8</sup> Prepared by Bartel Associates based on the 7/1/13 valuation data provided by Buck Consultants.

## SECTION 10 PARTICIPANT DATA

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### Data Reconciliation July 1, 2013 to June 30, 2014

	Actives	Disabled	Benefic.	Retirees	Total
■ <b>July 1, 2013</b>	<b>293</b>	<b>3</b>	<b>6</b>	<b>189</b>	<b>491</b>
• New Hires	22	-	-	-	22
• Disabled	-	-	-	-	-
• Terminated	(11)	-	-	-	(11)
• Deceased	(1)	-	-	(4)	(5)
• New Beneficiaries	-	-	-	-	-
• Retired	(16)	-	-	16	-
• Adjustment	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>1</u>	<u>(1)</u>
■ <b>June 30, 2014</b>	<b>287</b>	<b>3</b>	<b>4</b>	<b>202</b>	<b>496</b>

## SECTION 10 PARTICIPANT DATA

### Active Employee Medical Coverage June 30, 2014

Medical Plan	EE	EE+1	Family	Waived	Total
Kaiser	46	41	102	-	189
Health Net	14	4	-	-	18
Blue Cross	22	23	34	-	79
Waived	-	-	-	1	1
<b>Total</b>	<b>82</b>	<b>68</b>	<b>136</b>	<b>1</b>	<b>287</b>

### Retired Participant Medical Coverage<sup>9</sup> June 30, 2014 Retirees Under Age 65

Medical Plan	EE	EE+1	Family	Waived	Total
Kaiser	13	13	9	-	35
Health Net	3	8	3	-	14
Blue Cross	9	18	10	-	37
Waived	-	-	-	1	1
<b>Total</b>	<b>25</b>	<b>39</b>	<b>22</b>	<b>1</b>	<b>87</b>

### Retired Participant Medical Coverage June 30, 2014 Retirees Over Age 65

Medical Plan	EE	EE+1	Family	Waived	Total
Kaiser	15	41	1	-	57
Health Net	6	7	2	-	15
Blue Cross	19	28	2	-	49
Waived	-	-	-	1	1
<b>Total</b>	<b>40</b>	<b>76</b>	<b>5</b>	<b>1</b>	<b>122</b>

<sup>9</sup> Both waived retirees eligible for retiree life insurance benefit.



**SECTION 10  
PARTICIPANT DATA**

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**Retiree Medical Coverage by Age Group  
June 30, 2014**

**Retirees in District Medical Plans**

<b>Age</b>	<b>Single</b>	<b>2-Party</b>	<b>Family</b>	<b>Waived/Life Insurance</b>	<b>Total</b>
Under 50	-	-	-	-	-
50-54	5	1	3	-	9
55-59	7	12	8	-	27
60-64	13	26	11	1	51
65-69	20	29	3	1	53
70-74	11	22	1	-	34
75-79	5	15	1	-	21
80-84	3	1	-	-	4
85 & Over	1	9	-	-	10
<b>Total</b>	<b>65</b>	<b>115</b>	<b>27</b>	<b>2</b>	<b>209</b>
Average Age	67.1	69.3	61.4	65.2	67.5

## SECTION 10 PARTICIPANT DATA

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### Active Age/Service June 30, 2014

Following are active counts by age and service groups:

Age	Service								Total
	Less Than 1	1-4	5-9	10-14	15-19	20-24	25-29	30 & Over	
<b>Under 25</b>	2	-	-	-	-	-	-	-	2
<b>25-29</b>	5	2	-	-	-	-	-	-	7
<b>30-34</b>	3	8	9	-	-	-	-	-	20
<b>35-39</b>	2	5	20	10	3	-	-	-	40
<b>40-44</b>	5	3	9	11	2	-	-	-	30
<b>45-49</b>	2	9	16	8	9	3	3	-	50
<b>50-54</b>	1	1	16	15	11	8	9	7	68
<b>55-59</b>	2	4	9	9	6	7	7	1	45
<b>60-64</b>	-	1	2	4	5	3	2	-	17
<b>65 &amp; Over</b>	-	-	2	3	-	1	-	2	8
<b>Total</b>	<b>22</b>	<b>33</b>	<b>83</b>	<b>60</b>	<b>36</b>	<b>22</b>	<b>21</b>	<b>10</b>	<b>287</b>