



BARTEL
ASSOCIATES, LLC

**Contra Costa Water District
Retiree Healthcare Plan**

**June 30, 2016 Actuarial Valuation
For Calendar Year 2017 Contributions
For Fiscal Year 2017 Reporting**

Final Results

May 5, 2017

ACTUARIAL VALUATION
CONTRA COSTA WATER DISTRICT
RETIREE HEALTHCARE PLAN

We are pleased to present the results of our June 30, 2016 GASBS 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 (GASBS 43 and 45) June 30, 2016 Benefit Obligations,
- Determine the District's June 30, 2016 Funded Status, and
- Calculate the 2017 calendar year Annual Required Contributions.

This report does not reflect the discount rate change to 7.0%, approved by the Board in December 2016 and it also does not reflect the change to CalPERS health plans effective March 1, 2017.

The report provides information intended for reporting under GASBS 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 GASBS 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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SECTION 1

EXECUTIVE SUMMARY

Following are the valuation results. See discussion following the table.

(amounts in \$000s)

	June 30, 2015	June 30, 2016	% change
■ Participant Counts			
• Actives	286	287	0.3%
• Retirees & Beneficiaries	225	243	8.0%
• Total	511	530	3.7%
■ Projected Payroll for Contribution Year	\$ 28,147	\$ 29,282	4.0%
■ Assets			
• Market Value of Assets	\$ 30,148	\$ 33,304	10.5%
• Approximate Annual Rate of Return	1.6%	1.0%	
• Actuarial Value of Assets	30,473	35,159	15.4%
• Approximate Annual Rate of Return	8.6%	5.8%	
■ Plan Funded Status			
• Actuarial Accrued Liability	\$ 76,682	\$ 81,052	5.7%
• Actuarial Value of Plan Assets	30,473	35,159	15.4%
• Unfunded Actuarial Accrued Liability	46,209	45,893	(0.7%)
• Funded Ratio, Actuarial Value Basis	39.7%	43.4%	9.2%
• Funded Ratio, Market Value Basis	39.3%	41.1%	4.5%
	2016	2017	% change
■ Annual Required Contribution (ARC)			
• Total Normal Cost	\$ 2,610	\$ 2,900	11.1%
• Employee Normal Cost	1,267	1,318	4.0%
• Net District Normal Cost	1,343	1,582	17.8%
• Amortization of Unfunded Liability	3,171	3,240	2.2%
• Total District ARC	4,514	4,822	6.8%
	2015/16	2016/17	% change
■ Fiscal Year Total District ARC	\$ 4,765	\$ 4,668	(2.0%)

SECTION 1

EXECUTIVE SUMMARY

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

(amounts in \$000s)

	June 30, 2015	June 30, 2016
■ Risk Measures – Market Value of Assets		
• Actuarial Accrued Liability	\$ 76,682	\$ 81,052
• Market Value of Assets	30,148	33,304
• Unfunded AAL (on MVA)	46,534	47,748
• Funded Ratio (MVA/AAL)	39.3%	41.1%
• UAAL (on MVA)/Payroll	168.0%	165.7%
■ Payroll for year following valuation date	\$ 27,700	\$ 28,817
■ Risk Measures – Actuarial Value of Assets		
• Actuarial Accrued Liability	\$ 76,682	\$ 81,052
• Actuarial Value of Assets	30,473	35,159
• Unfunded AAL (on AVA)	46,209	45,893
• Funded Ratio (AVA/AAL)	39.7%	43.4%
• UAAL (on AVA)/Payroll	166.8%	159.3%
■ Volatility Ratios		
• Asset Volatility Index (MVA/Payroll)	1.1	1.2
• 100% Funded Volatility Index (AAL/Payroll)	2.8	2.8
• Maturity Ratio (Retiree Count/Total Count)	43.9%	45.8%
• Maturity Ratio (Retiree AAL/Total AAL)	57.4%	60.7%

SECTION 1

EXECUTIVE SUMMARY

Discussion of Results

Since the last valuation, the Plan experienced liability losses. The majority of the losses were due to more than expected number of retirements at earlier ages than expected.

There have been a few Plan changes. Lifetime dependent coverage is now extended to non-Clerical/Maintenance members. This added \$0.6 million liability. Bargaining group members agreed to lower pay increases in exchange for this benefit improvement. However, that pay reduction does not impact the value of total OPEB benefits included in our valuation. Members hired on or after January 1, 2016 are subject to a 10-year District service vesting requirement. Since this change only affects new hires, it did not affect the liability of existing employees.

Because of the labor negotiations in the fall of 2015, the healthcare plans have been redesigned for 2017. It resulted in medical premium rates increasing less than expected and generated a \$6.2 million gain. This gain is offset by a \$6.8 million liability loss from District paying claims directly for certain provisions not covered by the medical insurance. The net results of the plan redesign are a \$0.6 million liability increase.

The investment return on a market value basis was 1% and the return on a smoothed actuarial value of assets was 6% for 2015/16. This actuarial loss due to returns lower than the 7.25% rate assumed was offset by larger than expected contributions for the year.

Funding Method Changes - None

There is no funding method change from the last valuation. The asset valuation method is 5-year smoothed actuarial value of assets. The actuarial cost method is Entry Age Normal. The unfunded liability is amortized over a fixed period ending in 2038 (22 years remaining).

Assumption Changes

Age factors used for estimating medical claims costs by age for healthcare plans were updated since the last valuation. The updates decreased the assumed claim costs for older ages and resulted in a \$2.8 million liability gain. Sample claims cost can be found in the methods and assumptions section.

Employee Contributions

Effective September 1, 2011, all employees have been contributing 4.5% of base pay to the OPEB trust. The District and employees have recently reached a new cost-sharing agreement. Employee contributions are calculated every actuarial valuation as a 50% of the total normal cost excluding the cost of lifetime dependent benefits. The annual change in the employee contribution rate cannot exceed 0.2% of base pay. The District's ARC is calculated net of the expected employee contributions.

Other

This valuation does not reflect the impact of any ad hoc contributions made after June 30, 2016

SECTION 2

LIABILITY INFORMATION & FUNDED STATUS

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)

	June 30, 2015	June 30, 2016
■ Present Value of Projected Benefits		
● Active Employees	\$ 53,936	\$ 56,235
● Retirees and Beneficiaries	44,002	49,166
● Total	97,938	105,401
■ Actuarial Accrued Liability		
● Active Employees	\$ 32,680	\$ 31,886
● Retirees and Beneficiaries	44,002	49,166
● Total	76,682	81,052
	2016	2017
■ Normal Cost (payable middle of contribution year)		
● Total Normal Cost	\$ 2,610	\$ 2,900
	June 30, 2015	June 30, 2016
■ Plan Funded Status		
● Total Actuarial Accrued Liability	\$ 76,682	\$ 81,052
● Actuarial Value of Assets	30,473	35,159
● Unfunded Actuarial Accrued Liability	46,209	45,893
● Funded Ratio – Actuarial Value Basis	39.7%	43.4%
● Market Value of Assets	30,148	33,304
● Funded Ratio – Market Value Basis	39.3%	41.1%

SECTION 2

LIABILITY INFORMATION & FUNDED STATUS

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%
6/30/2015	30,473	76,682	46,209	39.7%	27,700	166.8%
6/30/2016	35,159	81,052	45,893	43.4%	28,817	159.3%

SECTION 3

ASSET INFORMATION

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, 2014 through June 30, 2015 and the July 1, 2015 through June 30, 2016 market value of assets.

	(amounts in \$000s)	
	2014/15	2015/16
■ Beginning of Year Balance:	\$ 26,010	\$ 30,148
■ Additions		
• Member Contributions	1,211	1,249
• District Contributions	5,337	4,987
• Investment Income, net of investment expense	435	324
• Total Additions	6,983	6,560
■ Deductions		
• Benefit Payments ¹	2,844	3,404
• Administrative Expenses	-	-
• Total Deductions	2,844	3,404
■ Net Assets at End of Year	30,148	33,304
■ Approximate Return on Assets	1.6%	1.0%

¹ Refunds of employee contributions are made from non-Trust District funds.

SECTION 3

ASSET INFORMATION

Asset Allocation

The June 30, 2016 Trust asset allocation is provided by the Contra Costa Water District and the Trustee, Wells Fargo. Only major asset classes provided in the Trustee statement are listed below. Details are shown below.

(amounts in \$000s)

	Market Value	Percentage
■ Cash and Cash Equivalents	\$ 566	1.7%
■ Investments		
• Equity securities	996	3.0%
• Bond mutual funds	11,329	34.0%
• Equity mutual funds	20,413	61.3%
• Total Investments	32,738	98.3%
■ Receivables and payables	0	0.0%
■ Total Assets	33,304	100.0%

Target Allocation by Asset Class

The Board Directors of Contra Costa Water District last revised the target asset allocation in January 2016, as shown below.

	Low	Normal	High
■ Large Cap Equity	27%	31.5%	36%
■ Mid Cap Equity	6%	8.5%	11%
■ Small Cap Income	3%	5%	7%
■ International Equity	12%	15%	18%
■ Domestic Fixed Income	25%	30%	35%
■ International and Emerging Markets Debt	3%	5%	7%
■ Real Estate	3%	5%	8%

SECTION 3

ASSET INFORMATION

Development of Actuarial Value of Assets

Actuarial Value of Assets was used in the prior valuation. In the June 30, 2016 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)
				2015/16
■	Beginning of Year Market Value of Assets			\$ 30,148
	• Contributions (Employee + Employer)			6,236
	• Expected Earnings			2,288
	• Benefit Payments			(3,404)
■	Expected End of Year Market Value of Assets			35,268
■	End of Year Market Value of Assets			33,304
■	Difference between MVA & Expected MVA			(1,964)

Year Ending June 30	Asset Gain/(Loss)	Percentage Not Yet Recognized as of June 30, 2016	Amount Not Yet Recognized as of June 30, 2016
2012	\$ (417)	0%	\$ 0
2013	249	20%	50
2014	1,544	40%	618
2015	(1,586)	60%	(951)
2016	(1,964)	80%	(1,571)

(1) Total Amount Not Yet Recognized as of June 30, 2016	(1,855)
(2) Net Market Value of Assets	33,304
(3) Net Actuarial Value of Assets (2) – (1)	35,159

SECTION 4

CONTRIBUTION DEVELOPMENT

Annual Required Contribution

Following is the development of the 2017 Annual Required Contribution. The 2016 Annual Required Contribution, which was calculated in the June 30, 2015 actuarial valuation, is shown for comparison.

	(amounts in \$000s)	
Contribution Year	2016	2017
■ Annual Required Contribution		
• Total Normal Cost	\$ 2,610	\$ 2,900
• Employee Normal Cost	1,267	1,318
• Net District Normal Cost	1,343	1,582
• Amortization of Unfunded Liability	3,171	3,240
• Total District Annual Required Contribution	4,514	4,822
■ Projected Payroll for Contribution Year	28,147	29,282
■ Annual Required Contribution (ARC) (as a percent of Projected Payroll)		
• Total Normal Cost	9.3%	9.90%
• Employee Normal Cost	4.5%	4.50%
• Net District Normal Cost	4.8%	5.40%
• Amortization of Unfunded Liability	11.3%	11.06%
• Total District Annual Required Contribution	16.0%	16.47%

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, 2016	Annual Contribution for 2017
2016 Base	\$ 45,893	22	\$ 45,893	\$ 3,240
Total			45,893	3,240

SECTION 4

CONTRIBUTION DEVELOPMENT

Development of Employee Normal Cost

Following is the development of the 2017 Employee Normal Cost.

Contribution Year	2016	2017
■ Total Normal Cost	n/a	9.90%
■ Normal Cost for Lifetime Surviving Spouse Benefits	n/a	0.89%
■ Normal Cost Excluding Lifetime Surviving Spouse Benefits	n/a	9.01%
■ Preliminary Employee Normal Cost (50% of above)	n/a	4.50%
■ Final Employee Normal Cost (0.2% maximum change from prior year)	4.5%	4.50%

Under the Entry Age actuarial cost method used in this valuation, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the projected earnings of the individual between entry age and assumed exit age. The portion of this actuarial present value allocated to a valuation year is called the *normal cost*. The portion of this actuarial present value allocated to future years, is the *future normal cost*. The remainder of the actuarial present value, which can also be thought of as the portion allocated to past years, is called the *actuarial accrued liability*.

The normal costs shown above thus are the value of benefits allocated to the coming year. Additional normal costs will be paid in future years. However, a portion of the value of every benefit is allocated to past years, even if that is before the date a benefit was implemented. That portion of the cost becomes part of the actuarial accrued liability and the unfunded actuarial accrued liability. It is paid as part of the unfunded actuarial accrued liability amortization. Under the District's funding policy, that part of the cost is paid by the employer. It is not included in the normal costs shown above.

SECTION 5

ACTUARIAL GAIN/(LOSS) ANALYSIS

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
■ June 30, 2015 Actual Value	\$ 76,682	\$ 30,473	\$ 46,209
■ June 30, 2016 Expected Value	80,964	34,973	45,991
• Demographic (gain)/loss ²	1,477	-	1,477
• Directors removed from valuation	(231)	-	(231)
• Lifetime survivor benefits for non-Clerical/Maintenance	617	-	617
• Premium did not increase as expected	(6,198)	-	(6,198)
• Claims not covered by health insurance but paid directly by the District ³	6,779	-	6,779
• Claims cost aging factors updated	(2,819)	-	(2,819)
• Contributions more than expected	-	642	(642)
• Investment gain/(loss)	-	(456)	456
■ June 30, 2016 Actual Value	81,051	35,159	45,892

² Approximately \$1.5 million loss due to more than expected new retirements and \$0.2 million gain due to 4 directors not eligible for benefits.

³ Approximately \$2.6 million for current actives and \$4.2 million for current retirees.

SECTION 6

GASBS 43 AND 45 INFORMATION

The following table shows estimated Net OPEB Asset for the fiscal years 2015/16 and 2016/17.

	(amounts in \$000s)	
	2015/16	Estimated 2016/17
■ Net OPEB Asset Beginning of Year (1)	\$ (3,903)	\$ (4,640)
■ Annual OPEB Cost		
• ARC	4,765	4,668
• Interest on NOA	(283)	(336)
• Amortization of NOA	259	316
• Annual OPEB Cost (2)	4,741	4,648
■ Contributions ⁴		
• Refund of Contributions Paid outside of Trust	92	116
• Implied Subsidy Payments outside of Trust	398	638
• District Contributions to Trust	4,987	3,914
• Total Contributions (3)	5,477	4,668
■ Net OPEB Asset End of Year (1) + (2) – (3)	(4,640)	(4,660)

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)
6/30/14	\$5,507	\$5,820	105.7%	\$(313)	\$ (3,554)
6/30/15	4,988	5,337	107.0%	(349)	(3,903)
6/30/16	4,741	5,477	115.5%	(737)	(4,640)

⁴ GASBS 45 includes implied subsidy payments in the employer contributions.

SECTION 6
GASBS 43 AND 45 INFORMATION

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)
6/30/14	\$24,508	\$77,246	\$52,738	31.7%	\$ 27,173	194.1%
6/30/15	30,473	76,682	46,209	39.7%	27,700	166.8%
6/30/16	35,159	81,052	45,893	43.4%	28,817	159.3%

SECTION 7

BENEFIT PAYMENT PROJECTIONS

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)

Fiscal Year	Cash Benefit Payment	Implied Subsidy Benefit Payment	Employee Contribution	Refund of Employee Contribution	Projected Payroll
2016/17	\$ 3,669	\$ 638	\$ 1,299	\$ 116	\$ 28,817
2017/18	3,738	855	1,341	139	29,754
2018/19	3,975	888	1,384	144	30,721
2019/20	4,177	910	1,429	138	31,719
2020/21	4,442	985	1,476	124	32,750

SECTION 8

PLAN PROVISION SUMMARY

A. Eligibility

Retire directly from the District.

Classic Members

- Clerical/Maintenance employees
 - Age 50 and 10 years of retirement plan vesting service
- Board of Directors⁵
 - Age 55 with 10 years of retirement plan vesting service
- Professional/Supervisory, Confidential, and Unrepresented employees
 - Age 50 with 5 years of retirement plan vesting service
- Disability retirements are subject to the age and service requirements above.

PEPRA Members

- Age 52 with 5 years of retirement vesting service
- Disability retirements are subject to the age and service requirements above.

B. OPEB Vesting Requirements

- Employees hired on or after September 1, 2011 are subject to 5 years of District service requirement.
- Employees hired on or after January 1, 2016 are subject to 10 years of District service requirement.

C. Benefit

- Retired employees receive medical coverage for life.
- Spouses and dependents of Clerical/Maintenance retirees who retire after July 1, 2000, Professional/Supervisory retirees who retire after November 9, 2015, and Unrepresented and Confidential retirees who retire after September 26, 2016 receive lifetime coverage, provided the retiree chose the Joint & Survivor option at retirement. For other retirees, the spouse and dependents will lose coverage at the later of the retiree's death or the spouse's 65th birthday.
- 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.

⁵ Only 1 active Director is eligible. Other active Directors are ineligible for retiree healthcare benefits.

SECTION 8

PLAN PROVISION SUMMARY

D. Employee Contribution

- Employees will pay 50% of normal cost of the OPEB benefit based on the most recent fiscal year actuarial valuations.
- Surviving spouse lifetime benefits are excluded in the calculation of employee normal cost as negotiated.
- The amount of contribution cannot increase or decrease by more than 0.2% of base salary in any year.
- 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 returned to the employee upon separation. This separation payment will be made through a separate District reserve fund and not the OPEB trust.

SECTION 8 PLAN PROVISION SUMMARY

E. Medical Premiums

Pre-Medicare Monthly Premiums

Effective January 1, 2016			
Medical Plan	EE	EE+1	Family
Kaiser	\$ 711.73	\$ 1,423.46	\$ 2,014.19
Blue Cross	845.52	1,722.95	2,316.25
Effective July 1, 2016			
Medical Plan	EE	EE+1	Family
Health Net	1,503.19	3,025.21	4,301.41
Effective January 1, 2017			
Medical Plan	EE	EE+1	Family
Kaiser	677.71	1,355.43	1,917.93
Blue Cross	796.05	1,621.53	2,179.72

Post-Medicare Monthly Premiums

Effective January 1, 2016			
Medical Plan	EE	EE+1	Family
Kaiser	\$ 425.60	\$ 851.20	\$ 1,137.33
Blue Cross	484.74	985.84	2,197.81
Effective July 1, 2016			
Medical Plan	EE	EE+1	Family
Health Net	487.76	965.06	1,371.35
Effective January 1, 2017			
Medical Plan	EE	EE+1	Family
Kaiser	420.33	840.65	1,424.07
Blue Cross	434.27	881.46	1,214.03

F. Other OPEB

In addition to the above premiums, District pays additional claims for certain medical provisions negotiated but not covered by the medical insurance coverage above.

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

SECTION 8

PLAN PROVISION SUMMARY

G. Changes in Plan Provisions

Lifetime coverage of spouses and dependents are extended to Professional/Supervisory, Unrepresented and Confidential. It was previously available only to Clerical/Maintenance retirees.

Employee contribution was fixed at 4.5% of base salary. It is now 50% of total Normal Cost, excluding the Normal Cost for lifetime coverage of spouses and dependents, subject to the maximum change of 0.2% of base salary in any year.

SECTION 9

METHODS AND ASSUMPTIONS

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.

Funding Policy

The June 30, 2016 Unfunded Actuarial Unfunded Liability is being amortized, over a 22 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.

Data Quality

The District provided participant data as of 6/30/2016. We reviewed the data, but did not perform an audit.

Basis for Assumptions

There is no assumption change since the last valuation. 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 nation-wide pensioner experience have been used.

SECTION 9 METHODS AND ASSUMPTIONS

Actuarial Assumptions

Assumptions used in the actuarial valuation are as follows:

June 30, 2015 Valuation	June 30, 2016 Valuation																														
<p>■ Discount Rate</p> <ul style="list-style-type: none"> • 7.25% 	<p>■ Discount Rate</p> <ul style="list-style-type: none"> • Same 																														
<p>■ Inflation</p> <ul style="list-style-type: none"> • 3.00% 	<p>■ Inflation</p> <ul style="list-style-type: none"> • Same 																														
<p>■ Salary Increases</p> <ul style="list-style-type: none"> • 3.00% CPI plus • Pay increase based on years of District service, employment group, and Entry Age with the District. Sample rates: <table style="margin-left: 40px;"> <thead> <tr> <th></th> <th colspan="4" style="text-align: center;"><u>Other (Entry Age)</u></th> </tr> <tr> <th style="text-align: left;"><u>Service</u></th> <th style="text-align: center;"><u>Clerical</u></th> <th style="text-align: center;"><u>Directors</u></th> <th style="text-align: center;"><u>< 40</u></th> <th style="text-align: center;"><u>≥ 40</u></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>		<u>Other (Entry Age)</u>				<u>Service</u>	<u>Clerical</u>	<u>Directors</u>	<u>< 40</u>	<u>≥ 40</u>	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%	<p>■ Salary Increases</p> <ul style="list-style-type: none"> • Same
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2051-2060	0.6%																																							
2061+	0.4%																																							

SECTION 9 METHODS AND ASSUMPTIONS

June 30, 2015 Valuation	June 30, 2016 Valuation																																																																																																																																																																		
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SECTION 10 PARTICIPANT DATA

Data Summary

Following summarizes participant demographic information for the June 30, 2015, and June 30, 2016 actuarial valuations.

	June 30, 2015	June 30, 2016
■ Participant Counts		
• Actives	286	287
• Service Retirees	218	234
• Disabled Participants	3	3
• Beneficiaries	4	6
• Total	511	530
■ Actives		
• Average Age	47.6	46.9
• Average Service	11.8	10.9
• Salary		
➢ Total (\$000s)	\$ 27,700	\$ 28,817
➢ Average	96,855	100,409
■ Retirees, Disableds & Beneficiaries		
• Average Age	67.4	67.5
• Average Service Retirement Age	58.4	58.2
• Average Disabled Retirement Age	46.0	46.0

SECTION 10 PARTICIPANT DATA

Active Participant Statistics

June 30, 2016

Bargaining Unit	Clerical/ Maintenance	Professional/ Supervisory	Unrepresented	Confidential	Directors	Total
BU #	10	20	30	40	90⁶	
■ Actives <ul style="list-style-type: none"> • Count • Average Age • Average Service • Average Pay • Total Payroll (\$000s) 	171	86	20	9	1	287
	46.7	46.0	49.3	50.9	78.7	46.9
	10.6	11.0	13.8	8.0	41.9	10.9
	\$ 83,104	\$117,772	\$ 178,361	\$ 100,152	\$ 9,700	\$ 100,409
	14,211	10,128	3,567	901	10	28,817

June 30, 2015

Bargaining Unit	Clerical/ Maintenance	Professional/ Supervisory	Unrepresented	Confidential	Directors	Total
BU #	10	20	30	40	90	
■ Actives <ul style="list-style-type: none"> • Count • Average Age • Average Service • Average Pay • Total Payroll (\$000s) 	170	81	20	10	5	286
	47.1	47.1	49.5	49.7	61.3	47.6
	11.5	12.1	14.5	10.2	16.3	11.8
	\$ 81,162	\$ 116,075	\$ 172,543	\$ 101,076	\$ 7,840	\$ 96,855
	13,798	9,402	3,451	1,011	39	27,700

⁶ Only 1 active Director is eligible. Other active Directors are ineligible for retiree healthcare benefits.

SECTION 10 PARTICIPANT DATA

Retiree Participant Statistics

June 30, 2016

Bargaining Unit	Clerical/ Maintenance	Professional/ Supervisory	Unrepresented	Confidential	Directors	Total
BU #	10	20	30	40	90	
■ Retirees						
• Count	125	76	29	12	1	243
• Average Age	68.5	66.5	66.7	65.7	73.6	67.5
• Average Ret. Age						
➢ Service	59.0	58.2	56.7	55.5	73.3	58.3
➢ Disability	49.1	n/a	39.7	n/a	n/a	46.0
➢ All Retirees	58.8	58.2	56.1	55.5	73.3	58.2

June 30, 2015

Bargaining Unit	Clerical/ Maintenance	Professional/ Supervisory	Unrepresented	Confidential	Directors	Total
BU #	10	20	30	40	90	
■ Retirees						
• Count	117	70	27	10	1	225
• Average Age	68.5	65.9	66.5	67.3	69.7	67.4
• Average Ret. Age						
➢ Service	59.1	58.0	56.8	56.2	64.5	58.4
➢ Disability	49.1	n/a	39.7	n/a	n/a	46.0
➢ All Retirees	58.9	58.0	56.2	56.2	64.5	58.2

SECTION 10 PARTICIPANT DATA

Data Reconciliation June 30, 2015 to June 30, 2016

	Actives	Disabled	Benefic.	Retirees	Total
■ June 30, 2015	286	3	4	218	511
• New Hires	32	-	-	-	32
• Disabled	-	-	-	-	-
• Terminated	(5)	-	-	-	(5)
• Deceased	(1)	-	-	(3)	(4)
• New Beneficiaries	-	-	2	(2)	-
• Retired	(21)	-	-	21	-
• Adjustment	<u>(4)⁷</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
■ June 30, 2016	287	3	6	234	534

⁷ 4 directors are not eligible for retirement medical benefit.

**SECTION 11
PARTICIPANT DATA**

**Active Employee Medical Coverage
June 30, 2016**

Medical Plan	EE	EE+1	Family	Waived	Total
Kaiser	64	33	98	-	195
Health Net	19	1	-	-	20
Blue Cross	29	16	27	-	72
Waived	—	—	—	—	—
Total	112	50	125	-	287

**Retired Participant Medical Coverage
June 30, 2016
Retirees Under Age 65**

Medical Plan	EE	EE+1	Family	Waived	Total
Kaiser	11	26	13	-	50
Health Net	3	9	2	-	14
Blue Cross	8	19	8	-	35
Waived	—	—	—	—	—
Total	22	54	23	-	99

**Retired Participant Medical Coverage⁸
June 30, 2016
Retirees Age 65 & Over**

Medical Plan	EE	EE+1	Family	Waived	Total
Kaiser	24	39	2	-	65
Health Net	6	8	2	-	16
Blue Cross	22	35	4	-	61
Waived	—	—	—	<u>2</u>	<u>2</u>
Total	52	82	8	2	144

⁸ Waived retirees eligible for retiree life insurance benefit are included in the valuation.

**SECTION 11
PARTICIPANT DATA**

**Retiree Medical Coverage by Age Group
June 30, 2016**

Retirees in District Medical Plans

Age	Single	2-Party	Family	Waived/Life Insurance	Total
Under 50	-	-	-	-	-
50-54	4	1	6	-	11
55-59	3	18	10	-	31
60-64	15	35	7	-	57
65-69	19	37	5	1	62
70-74	16	22	3	1	42
75-79	11	13	-	-	24
80-84	4	5	-	-	9
85 & Over	<u>2</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>7</u>
Total	74	136	31	2	243
Average Age	69.3	68.1	60.8	68.7	67.5

SECTION 11 PARTICIPANT DATA

Active Age/Service June 30, 2016

Following are active counts by age and service groups:

Age	Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Over	
Under 25	3	-	-	-	-	-	-	3
25-29	12	-	-	-	-	-	-	12
30-34	21	7	-	-	-	-	-	28
35-39	10	14	4	5	-	-	-	33
40-44	11	10	14	7	-	-	-	42
45-49	13	8	10	10	3	1	-	45
50-54	12	10	10	6	5	8	4	55
55-59	5	12	8	10	3	7	4	49
60-64	1	3	4	6	-	2	-	16
65 & Over	-	-	1	2	-	-	1	4
Total	88	64	51	46	11	18	9	291