



**COUNTY OF NAPA**  
**RETIREE HEALTHCARE PROGRAM**  
**JANUARY 1, 2006 ACTUARIAL VALUATION**

**Preliminary Results**

**JOHN E. BARTEL & BIANCA LIN**

**BARTEL**  
ASSOCIATES, LLC

November 6, 2006

**Agenda**

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## Benefit Summary

| Sick Leave Conversion          |  |  |   |
|--------------------------------|--|--|---|
| ■ <b>Eligibility</b>           | <ul style="list-style-type: none"> <li>• Retire directly from the County, except extra helps and elected officials</li> <li>• Minimum 120 hours unused sick leave</li> <li>• One time choice at retirement</li> <li>• Can not be banked to a later date</li> <li>• Courts: See Page 4</li> </ul> |  |   |
| ■ <b>Sick Leave Conversion</b> | <b>Law Enforcement</b>   | <b>Management<sup>1</sup></b>  | <b>Public Service<sup>2</sup></b>   |
|                                | <ul style="list-style-type: none"> <li>• 8 hrs/month – EE</li> <li>• 16 hrs/month – EE+1</li> <li>• Max – 1,800 hrs</li> </ul>   | <ul style="list-style-type: none"> <li>• 8 hrs/month – EE</li> <li>• 16 hrs/month – EE+1</li> <li>• Max – 1,800 hrs</li> </ul> | <ul style="list-style-type: none"> <li>• 8 hrs/month – EE</li> <li>• Max – 1,248 hrs</li> </ul> |
|                                | <ul style="list-style-type: none"> <li>• Apply accumulated sick leave hours to medical or dental premiums (Medical premium based on Kaiser \$5 plan)</li> <li>• No surviving spouse benefit</li> </ul>   |  |   |
| ■ <b>Sick Leave Accrual</b>    | • 96 hours/year  | • 96 hours/year  | • 96 hours/year   |

<sup>1</sup> Includes Confidential, classified, non-classified and court employees in the same classification

<sup>2</sup> Includes court employees in the same classification



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## Benefit Summary

| Long-Term Service & Other Benefits    |                        |   |                       |
|---------------------------------------|------------------------|---|-----------------------|
|                                       | <b>Law Enforcement</b> | <b>Management</b>   | <b>Public Service</b> |
| ■ <b>Long-Term Service Conversion</b> | • n/a                  | <ul style="list-style-type: none"> <li>• Retire directly from the County, except extra helps</li> <li>• 50&amp;20</li> <li>• County pays single party medical premium until age 65</li> <li>• Premium based on Kaiser \$5 plan</li> </ul>   |                       |
| ■ <b>Lifetime Benefit</b>             | • n/a                  | <ul style="list-style-type: none"> <li>• Non-classified only</li> <li>• Incl. elected officials</li> <li>• 8 years County Svc</li> <li>• 5+ yrs Non-Classified</li> <li>• County pays medical, dental and vision family coverage for life of retiree and spouse</li> <li>• Termination – Deferred Benefits</li> </ul> | • n/a                 |



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## Benefit Summary

| Long-Term Service & Other Benefits  |   |                |                 |
|---|---|----------------|-----------------|
| ■ PEMHCA<br>Minimum   | • Effective 2002  |                |                 |
|   | • Not eligible for above benefits and participating in PEMHCA |                |                 |
|   | • Include in County paid benefit                              |                |                 |
|   | • Unequal method:   |                |                 |
|   |   | <u>Actives</u> | <u>Retirees</u> |
|   | 2002  | \$16.00        | \$10.00         |
|   | 2003  | 16.00          | 10.80           |
|   | 2004  | 32.20          | 12.41           |
|   | 2005  | 48.40          | 14.83           |
|   | 2006  | 64.60          | 18.06           |
|   | 2007  | 80.80          | 22.10           |
|   | 2008  | 97.00          | 26.95           |
| 2009+   | Increased by healthcare CPI                                   |                |                 |
| • Alternative PEMHCA Minimum: Retiree contribution increases 5% of active cap, eventually becoming equal. |   |                |                 |



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## Benefit Summary

| Long-Term Service & Other Benefits |   |          |          |                            |         |         |         |
|------------------------------------|---|----------|----------|----------------------------|---------|---------|---------|
| ■ PEMHCA Minimum                   | Miscellaneous/General   |          |          |                            |         |         |         |
|                                    | Active Cap  |          |          | Alternative PEMHCA Minimum |         |         |         |
|                                    | Year  | Single   | 2-Party  | Family                     | Single  | 2-Party | Family  |
|                                    | 2002  | \$252.54 | \$475.94 | \$610.24                   | \$10.00 | \$10.00 | \$10.00 |
|                                    | 2003  | 252.54   | 475.94   | 610.24                     | 22.63   | 33.80   | 40.51   |
|                                    | 2004  | 293.90   | 556.36   | 714.16                     | 37.32   | 61.62   | 76.22   |
|                                    | 2005  | 347.52   | 660.64   | 848.86                     | 54.70   | 94.65   | 118.66  |
|                                    | 2006  | 396.78   | 756.40   | 972.60                     | 74.54   | 132.47  | 167.29  |
|                                    | Law Enforcement   |          |          |                            |         |         |         |
|                                    | Active Cap  |          |          | Alternative PEMHCA Minimum |         |         |         |
|                                    | Year  | Single   | 2-Party  | Family                     | Single  | 2-Party | Family  |
|                                    | 2002  | \$258.00 | \$482.00 | \$616.00                   | \$10.00 | \$10.00 | \$10.00 |
|                                    | 2003  | 258.00   | 482.00   | 616.00                     | 22.90   | 34.10   | 40.80   |
| 2004                               | 258.00  | 482.00   | 616.00   | 35.80                      | 58.20   | 71.60   |         |
| 2005                               | 331.52  | 644.64   | 832.86   | 52.38                      | 90.43   | 113.24  |         |
| 2006                               | 380.78  | 740.40   | 956.60   | 71.42                      | 127.45  | 161.07  |         |
| ■ Courts                           | • Retired < 1/1/01 – County responsibility                    |          |          |                            |         |         |         |
|                                    | • Hired < 1/1/01 – County share based on service as of 1/1/01 |          |          |                            |         |         |         |
|                                    | • Hired > 1/1/01 – Not County responsibility                  |          |          |                            |         |         |         |
|                                    | • Alternative Courts separation date: 7/1/97                  |          |          |                            |         |         |         |
|                                    | • Allocate benefit payments in the future?                    |          |          |                            |         |         |         |

### ■ Courts

- Retired < 1/1/01 – County responsibility
- Hired < 1/1/01 – County share based on service as of 1/1/01
- Hired > 1/1/01 – Not County responsibility
- Alternative Courts separation date: 7/1/97
- Allocate benefit payments in the future?



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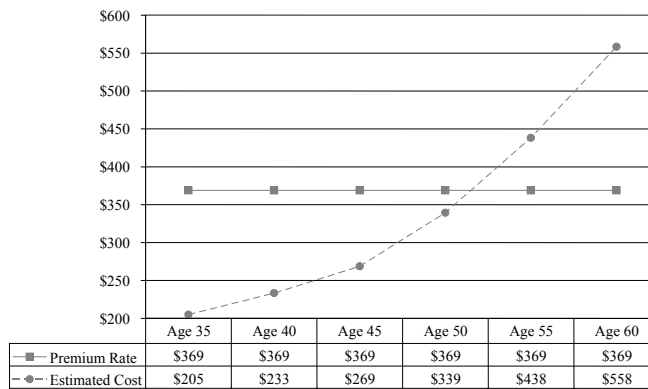


## Benefit Summary

### Long-Term Service & Other Benefits

#### ■ Implied Subsidy

#### ■ Participating retirees paying active rates vs. actual cost



- Community rated plans not required to value implied subsidy
- PEMHCA is, for most employers, community rated plan
- County Kaiser \$5 Plan – value implied subsidy up to age 65



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## PEMHCA/County Kaiser \$5 Premium

### Non Medicare Eligible (Bay Area/Sacramento)

|                   | 2005     |          |            | 2006     |          |            |
|-------------------|----------|----------|------------|----------|----------|------------|
| Plan              | EE       | EE+1     | Family     | EE       | EE+1     | Family     |
| Blue Shield       | \$389.96 | \$779.92 | \$1,013.90 | \$425.50 | \$851.00 | \$1,016.30 |
| Kaiser            | 354.69   | 709.38   | 922.19     | 389.38   | 778.76   | 1,012.39   |
| PERS Choice       | 369.74   | 739.48   | 961.32     | 404.59   | 809.18   | 1,051.93   |
| PERS Care         | 619.93   | 1,239.86 | 1,611.82   | 680.43   | 1,360.86 | 1,769.12   |
| PORAC             | 399.00   | 748.00   | 950.00     | 399.00   | 748.00   | 950.00     |
| WHA               | 322.47   | 644.94   | 838.42     | 354.07   | 708.14   | 920.58     |
| County Kaiser \$5 | n/a      | n/a      | n/a        | 423.08   | 846.16   | 1,125.40   |

### Medicare Eligible

|                   | 2005     |          |          | 2006     |          |          |
|-------------------|----------|----------|----------|----------|----------|----------|
| Plan              | EE       | EE+1     | Family   | EE       | EE+1     | Family   |
| Blue Shield       | \$287.78 | \$575.56 | \$863.34 | \$286.49 | \$572.98 | \$859.47 |
| Kaiser            | 243.22   | 486.44   | 729.66   | 218.59   | 437.18   | 655.77   |
| PERS Choice       | 279.60   | 559.20   | 838.80   | 322.03   | 644.06   | 966.09   |
| PERS Care         | 289.32   | 578.64   | 867.96   | 347.20   | 694.40   | 1,041.60 |
| PORAC             | 351.00   | 701.00   | 1,049.00 | 351.00   | 701.00   | 1,049.00 |
| WHA               | 280.24   | 560.48   | 840.72   | 277.44   | 554.88   | 832.32   |
| County Kaiser \$5 | n/a      | n/a      | n/a      | 313.71   | 627.42   | 906.66   |



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## Dental/Vision Premiums

### Dental Monthly Composite Rates

|                      | Law Enforcement | Management | Public Service |
|----------------------|-----------------|------------|----------------|
| <b>Delta</b>         | \$125.83        | \$103.11   | \$ 86.95       |
| <b>Pacific Union</b> | 69.74           | 65.82      | 69.74          |

### Vision Monthly Rate

|               | EE      | EE+1    | Family   |
|---------------|---------|---------|----------|
| <b>Vision</b> | \$ 8.00 | \$16.00 | \$ 21.30 |



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## Dental/Vision Premiums

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## Data Summary

### Participant Statistics – Active

|                                     | <u>Law Enforcement</u> |                | <u>Management</u> |                   |           | <u>Public Service</u> |             |               |              |
|-------------------------------------|------------------------|----------------|-------------------|-------------------|-----------|-----------------------|-------------|---------------|--------------|
| ■ Actives:                          | <u>DSA</u>             | <u>LE-Supv</u> | <u>Conf</u>       | <u>Classified</u> | <u>NC</u> | <u>PSE</u>            | <u>Supv</u> | <u>Courts</u> | <u>Total</u> |
| ➤ Count                             | 70                     | 14             | 20                | 123               | 23        | 841                   | 103         | 100           | 1,294        |
| ➤ Ave age                           | 37.7                   | 43.8           | 49.0              | 48.6              | 54.5      | 44.1                  | 49.6        | 44.9          | 45.0         |
| ➤ Ave service                       | 8.5                    | 14.8           | 7.9               | 10.7              | 13.7      | 8.1                   | 13.2        | 8.6           | 9.0          |
| ➤ Ave PERS Wages <sup>3</sup>       | \$76,637               | \$94,471       | \$43,778          | \$93,310          | \$120,545 | \$49,583              | \$64,401    | \$50,174      | \$58,085     |
| ➤ PERS Payroll (000's) <sup>3</sup> | \$5,365                | \$1,323        | \$876             | \$11,477          | \$2,773   | \$41,699              | \$6,633     | \$5,017       | \$75,162     |
| ➤ Unused Sick Leave Hours           |                        |                |                   |                   |           |                       |             |               |              |
| • Total (000's)                     | 35                     | 13             | 6                 | 73                | 9         | 207                   | 51          | 19            | 413          |
| • Ave                               | 504                    | 926            | 290               | 591               | 406       | 246                   | 495         | 185           | 319          |

<sup>3</sup> Annualized pay as provided in the data



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## Data Summary

### Participant Statistics - Inactive

|                   | <u>Law Enforcement</u> |                | <u>Management</u> |                   |           | <u>Public Service</u> |             |               |              |
|-------------------|------------------------|----------------|-------------------|-------------------|-----------|-----------------------|-------------|---------------|--------------|
| ■ Retirees:       | <u>DSA</u>             | <u>LE-Supv</u> | <u>Conf</u>       | <u>Classified</u> | <u>NC</u> | <u>PSE</u>            | <u>Supv</u> | <u>Courts</u> | <u>Total</u> |
| ➤ Service Retired |                        |                |                   |                   |           |                       |             |               |              |
| • Count           | 13                     | -              | 3                 | 45                | 35        | 167                   | 30          | 21            | 314          |
| • Ave Age         | 60.5                   | -              | 61.2              | 64.7              | 68.8      | 66.9                  | 65.9        | 62.5          | 66.1         |
| • Ave Ret Age     | 56.1                   | -              | 59.2              | 58.4              | 59.6      | 60.8                  | 60.7        | 58.9          | 60.1         |
| ➤ Disable Retired |                        |                |                   |                   |           |                       |             |               |              |
| • Count           | 5                      | -              | -                 | 1                 | -         | 1                     | 1           | -             | 8            |
| • Ave Age         | 56.4                   | -              | -                 | 59.0              | -         | 49.6                  | 57.0        | -             | 55.9         |
| • Ave Ret Age     | 53.5                   | -              | -                 | 58.8              | -         | -                     | -           | -             | 54.4         |
| ■ Vested Terms:   |                        |                |                   |                   |           |                       |             |               |              |
| • Count           | -                      | -              | -                 | -                 | 3         | -                     | -           | -             | 3            |
| • Ave Age         | -                      | -              | -                 | -                 | 52.0      | -                     | -           | -             | 52.0         |



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## Data Summary

### Participant Statistics – Courts Active

|                           | <u>Management</u> |                   |           | <u>Public Service</u> |             |              | <u>Total</u> |
|---------------------------|-------------------|-------------------|-----------|-----------------------|-------------|--------------|--------------|
|                           | <u>Conf</u>       | <u>Classified</u> | <u>NC</u> | <u>PSE</u>            | <u>Supv</u> | <u>Judge</u> |              |
| ■ <b>Actives:</b>         |                   |                   |           |                       |             |              |              |
| ➤ Count                   | 4                 | 7                 | 1         | 75                    | 8           | 5            | 100          |
| ➤ Ave age                 | 36.8              | 46.8              | 60.0      | 43.7                  | 49.3        | 57.2         | 44.9         |
| ➤ Ave service             | 3.9               | 9.6               | 4.6       | 8.2                   | 9.0         | 16.9         | 8.6          |
| ➤ Ave PERS Wages          | 67,880            | 91,460            | 145,222   | 46,598                | 53,511      | 7,509        | 50,174       |
| ➤ PERS Payroll (000's)    | 272               | 640               | 145       | 3,495                 | 428         | 38           | 5,017        |
| ➤ Unused Sick Leave Hours |                   |                   |           |                       |             |              |              |
| • Total                   | 1,194             | 2,168             | 57        | 13,562                | 1,562       | -            | 18,543       |
| • Ave                     | 298               | 310               | 57        | 181                   | 195         | -            | 185          |



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## Data Summary

### Participant Statistics – Courts Inactive

|                    | <u>Management</u> |                   |           | <u>Public Service</u> |             |              | <u>Total</u> |
|--------------------|-------------------|-------------------|-----------|-----------------------|-------------|--------------|--------------|
|                    | <u>Conf</u>       | <u>Classified</u> | <u>NC</u> | <u>PSE</u>            | <u>Supv</u> | <u>Judge</u> |              |
| ■ <b>Retirees:</b> |                   |                   |           |                       |             |              |              |
| ➤ Service Retired  |                   |                   |           |                       |             |              |              |
| • Count            | 2                 | 1                 | 0         | 13                    | 3           | 2            | 21           |
| • Ave Age          | 65.3              | 63.3              | 0.0       | 62.1                  | 62.0        | 63.0         | 62.5         |
| • Ave Ret Age      | 61.8              | 61.9              | 0.0       | 58.0                  | 58.5        | 60.1         | 58.9         |



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## Data Summary

### Medical Coverage Active

| <u>Plan</u>       | <u>Single</u> | <u>2 Party</u> | <u>Family</u> | <u>Total</u> |
|-------------------|---------------|----------------|---------------|--------------|
| County KAISER \$5 | 116           | 100            | 137           | 353          |
| PERS BLUE SHIELD  | 91            | 66             | 125           | 282          |
| PERS KAISER       | 149           | 112            | 188           | 449          |
| PERS CARE         | 2             | -              | -             | 2            |
| PERS CHOICE       | 16            | 21             | 14            | 51           |
| PERS PORAC        | -             | -              | 1             | 1            |
| PERS WHA          | -             | 1              | -             | 1            |
| Waived            | <u>N/A</u>    | <u>N/A</u>     | <u>N/A</u>    | <u>155</u>   |
| Total             | 374           | 300            | 465           | 1,294        |



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## Data Summary

### Medical Coverage Inactive

| <u>Plan</u>          | <u>Single</u> | <u>2 Party</u> | <u>Family</u> | <u>Total</u> |
|----------------------|---------------|----------------|---------------|--------------|
| County KAISER \$5    | 84            | 53             | 1             | 138          |
| PERS BLUE SHIELD     | 23            | 15             | 6             | 44           |
| PERS KAISER          | 27            | 11             | 2             | 40           |
| PERS CARE            | 5             | 11             | 2             | 18           |
| PERS CHOICE          | 35            | 19             | 1             | 55           |
| PERS PORAC           | 2             | -              | 1             | 3            |
| Vested Term          | N/A           | N/A            | N/A           | 3            |
| Dental & Vision Only | <u>N/A</u>    | <u>N/A</u>     | <u>N/A</u>    | <u>24</u>    |
| Total                | 176           | 109            | 13            | 325          |



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## Data Summary

### Dental Coverage Active

|               | <u>Single</u> | <u>2 Party</u> | <u>Family</u> | <u>Total</u> |
|---------------|---------------|----------------|---------------|--------------|
| Delta Dental  | 101           | 117            | 948           | 1,166        |
| Pacific Union | 8             | 4              | 38            | 50           |
| Waived        | <u>N/A</u>    | <u>N/A</u>     | <u>N/A</u>    | <u>78</u>    |
| Total         | 109           | 121            | 986           | 1,294        |

### Inactive

|              | <u>Single</u> | <u>2 Party</u> | <u>Family</u> | <u>Total</u> |
|--------------|---------------|----------------|---------------|--------------|
| Delta Dental | 10            | 67             | 5             | 82           |
| Vested Term  | N/A           | N/A            | N/A           | 3            |
| Waived       | <u>N/A</u>    | <u>N/A</u>     | <u>N/A</u>    | <u>240</u>   |
| Total        | 10            | 67             | 5             | 325          |



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## Data Summary

### Vision Coverage Active

|        | <u>Single</u> | <u>2 Party</u> | <u>Family</u> | <u>Total</u> |
|--------|---------------|----------------|---------------|--------------|
| Vision | 208           | 180            | 248           | 636          |
| Waived | <u>N/A</u>    | <u>N/A</u>     | <u>N/A</u>    | <u>658</u>   |
| Total  | 208           | 180            | 248           | 1,294        |

### Inactive

|             | <u>Single</u> | <u>2 Party</u> | <u>Family</u> | <u>Total</u> |
|-------------|---------------|----------------|---------------|--------------|
| Vision      | 23            | 36             | 6             | 65           |
| Vested Term | N/A           | N/A            | N/A           | 3            |
| Waived      | <u>N/A</u>    | <u>N/A</u>     | <u>N/A</u>    | <u>257</u>   |
| Total       | 23            | 36             | 6             | 325          |



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## Data Summary

### Inactive by Benefit Types

|                              | Medical    |                 | Dental         |                      | <u>Total</u> |
|------------------------------|------------|-----------------|----------------|----------------------|--------------|
|                              | <u>SLC</u> | <u>Lifetime</u> | <u>EE paid</u> | <u>Waived</u>        |              |
| <b>Sick Leave Conversion</b> | 5          | -               | 8              | 86                   | 99           |
| <b>Long Term Service</b>     | 18         | -               | 3              | 36                   | 57           |
| <b>Lifetime</b>              | -          | 34              | 0              | 0                    | 34           |
| <b>EE Paid County Kaiser</b> | -          | -               | 2              | 52                   | 54           |
| <b>PEHMCA Minimum Only</b>   | -          | -               | -              | 57                   | 57           |
| <b>Waived</b>                | <u>7</u>   | <u>3</u>        | <u>5</u>       | <u>9<sup>4</sup></u> | <u>24</u>    |
| <b>Total</b>                 | 30         | 37              | 18             | 240                  | 325          |

<sup>4</sup> Vision only



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## Data Summary

### Actives – Law Enforcement

|           |                | Service |        |        |        |        |        |           |        |
|-----------|----------------|---------|--------|--------|--------|--------|--------|-----------|--------|
| Age       |                | Under 1 | 1-4    | 5-9    | 10-14  | 15-19  | 20-24  | 25 & Over | Total  |
| Under 25  | Count          | 1       | -      | -      | -      | -      | -      | -         | 1      |
|           | Average Salary | 30,254  | -      | -      | -      | -      | -      | -         | 30,254 |
| 25-29     | Count          | 2       | 6      | 2      | -      | -      | -      | -         | 10     |
|           | Average Salary | 48,123  | 63,890 | 70,857 | -      | -      | -      | -         | 62,130 |
| 30-34     | Count          | 1       | 6      | 7      | -      | -      | -      | -         | 14     |
|           | Average Salary | 36,379  | 75,325 | 78,898 | -      | -      | -      | -         | 74,330 |
| 35-39     | Count          | -       | 7      | 9      | 6      | 2      | -      | -         | 24     |
|           | Average Salary | -       | 73,751 | 81,167 | 86,642 | 88,345 | -      | -         | 80,971 |
| 40-44     | Count          | -       | 2      | 2      | 4      | 8      | 1      | -         | 17     |
|           | Average Salary | -       | 81,055 | 83,085 | 88,644 | 85,601 | 85,356 | -         | 85,472 |
| 45-49     | Count          | -       | -      | 5      | 1      | 5      | 3      | -         | 14     |
|           | Average Salary | -       | -      | 85,124 | 98,318 | 89,328 | 94,843 | -         | 89,650 |
| 50-54     | Count          | -       | 1      | -      | 1      | -      | -      | -         | 2      |
|           | Average Salary | -       | 90,760 | -      | 79,513 | -      | -      | -         | 85,137 |
| 55-59     | Count          | -       | -      | 1      | -      | -      | -      | 1         | 2      |
|           | Average Salary | -       | -      | 91,469 | -      | -      | -      | 81,884    | 86,676 |
| 60-64     | Count          | -       | -      | -      | -      | -      | -      | -         | -      |
|           | Average Salary | -       | -      | -      | -      | -      | -      | -         | -      |
| 65 & Over | Count          | -       | -      | -      | -      | -      | -      | -         | -      |
|           | Average Salary | -       | -      | -      | -      | -      | -      | -         | -      |
| Total     | Count          | 4       | 22     | 26     | 12     | 15     | 4      | 1         | 84     |
|           | Average Salary | 40,720  | 72,928 | 81,068 | 87,688 | 87,209 | 92,471 | 81,884    | 79,610 |



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## Data Summary

### Actives – Management

|           |                | Service |         |         |         |         |         |           |         |
|-----------|----------------|---------|---------|---------|---------|---------|---------|-----------|---------|
| Age       |                | Under 1 | 1-4     | 5-9     | 10-14   | 15-19   | 20-24   | 25 & Over | Total   |
| Under 25  | Count          | -       | -       | -       | -       | -       | -       | -         | -       |
|           | Average Salary | -       | -       | -       | -       | -       | -       | -         | -       |
| 25-29     | Count          | -       | 2       | -       | -       | -       | -       | -         | 2       |
|           | Average Salary | -       | 68,153  | -       | -       | -       | -       | -         | 68,153  |
| 30-34     | Count          | 2       | 2       | 2       | 1       | -       | -       | -         | 7       |
|           | Average Salary | 45,837  | 69,507  | 80,421  | 72,734  | -       | -       | -         | 66,324  |
| 35-39     | Count          | 1       | 6       | 4       | 2       | 1       | -       | -         | 14      |
|           | Average Salary | 61,490  | 90,688  | 90,008  | 82,651  | 89,548  | -       | -         | 87,178  |
| 40-44     | Count          | 3       | 7       | 11      | 3       | 4       | 1       | -         | 29      |
|           | Average Salary | 57,873  | 90,560  | 94,080  | 81,836  | 95,838  | 95,434  | -         | 88,507  |
| 45-49     | Count          | 3       | 5       | 8       | 2       | 1       | 6       | -         | 25      |
|           | Average Salary | 46,363  | 109,247 | 98,370  | 88,535  | 46,534  | 86,212  | -         | 88,527  |
| 50-54     | Count          | 3       | 7       | 10      | 4       | 11      | 8       | 5         | 48      |
|           | Average Salary | 69,927  | 94,842  | 68,030  | 89,840  | 96,408  | 101,123 | 96,536    | 88,864  |
| 55-59     | Count          | 3       | 3       | 6       | 4       | 4       | 2       | 3         | 25      |
|           | Average Salary | 85,469  | 99,524  | 112,049 | 102,419 | 112,177 | 55,582  | 98,325    | 99,672  |
| 60-64     | Count          | -       | 2       | 4       | -       | 5       | 1       | 1         | 13      |
|           | Average Salary | -       | 68,217  | 95,827  | -       | 122,169 | 129,517 | 163,074   | 109,475 |
| 65 & Over | Count          | -       | 1       | 2       | -       | -       | -       | -         | 3       |
|           | Average Salary | -       | 158,268 | 92,743  | -       | -       | -       | -         | 114,584 |
| Total     | Count          | 15      | 35      | 47      | 16      | 26      | 18      | 9         | 166     |
|           | Average Salary | 62,137  | 93,050  | 90,726  | 89,353  | 101,518 | 92,354  | 104,526   | 91,115  |



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## Data Summary

### Actives – Public Service

|           |                | Service |        |        |        |        |        |           |        |
|-----------|----------------|---------|--------|--------|--------|--------|--------|-----------|--------|
| Age       |                | Under 1 | 1-4    | 5-9    | 10-14  | 15-19  | 20-24  | 25 & Over | Total  |
| Under 25  | Count          | 16      | 8      | 2      | -      | -      | -      | -         | 26     |
|           | Average Salary | 33,928  | 37,653 | 56,218 | -      | -      | -      | -         | 36,788 |
| 25-29     | Count          | 17      | 54     | 11     | -      | -      | -      | -         | 82     |
|           | Average Salary | 36,409  | 46,943 | 45,169 | -      | -      | -      | -         | 44,521 |
| 30-34     | Count          | 19      | 48     | 36     | 4      | -      | -      | -         | 107    |
|           | Average Salary | 37,060  | 53,913 | 57,209 | 40,043 | -      | -      | -         | 51,511 |
| 35-39     | Count          | 16      | 36     | 48     | 16     | 4      | -      | -         | 120    |
|           | Average Salary | 38,888  | 48,028 | 49,643 | 60,578 | 48,805 | -      | -         | 49,155 |
| 40-44     | Count          | 16      | 33     | 36     | 27     | 13     | 3      | -         | 128    |
|           | Average Salary | 36,755  | 53,987 | 57,197 | 55,629 | 58,822 | 56,505 | -         | 53,632 |
| 45-49     | Count          | 10      | 33     | 40     | 28     | 25     | 12     | 3         | 151    |
|           | Average Salary | 34,802  | 47,247 | 53,862 | 57,540 | 59,506 | 58,986 | 47,792    | 53,057 |
| 50-54     | Count          | 6       | 24     | 35     | 24     | 31     | 13     | 11        | 144    |
|           | Average Salary | 47,033  | 51,123 | 51,565 | 55,240 | 58,608 | 48,079 | 57,577    | 53,576 |
| 55-59     | Count          | 2       | 25     | 23     | 18     | 19     | 16     | 9         | 112    |
|           | Average Salary | 41,618  | 56,250 | 50,897 | 51,489 | 54,141 | 53,728 | 63,075    | 53,955 |
| 60-64     | Count          | 1       | 10     | 14     | 8      | 14     | 2      | 6         | 55     |
|           | Average Salary | 11,384  | 46,112 | 53,696 | 48,446 | 46,883 | 48,151 | 61,114    | 49,657 |
| 65 & Over | Count          | 1       | 3      | 3      | 1      | 4      | 4      | 3         | 19     |
|           | Average Salary | 58,365  | 48,873 | 40,455 | 41,336 | 64,663 | 49,992 | 41,048    | 49,971 |
| Total     | Count          | 104     | 274    | 248    | 126    | 110    | 50     | 32        | 944    |
|           | Average Salary | 37,110  | 50,126 | 52,878 | 54,952 | 56,437 | 53,166 | 57,320    | 51,200 |



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## Data Summary

### Actives - Courts

|           |                | Service |        |        |        |         |        |           |        |
|-----------|----------------|---------|--------|--------|--------|---------|--------|-----------|--------|
| Age       |                | Under 1 | 1-4    | 5-9    | 10-14  | 15-19   | 20-24  | 25 & Over | Total  |
| Under 25  | Count          | -       | 1      | -      | -      | -       | -      | -         | 1      |
|           | Average Salary | -       | 36,428 | -      | -      | -       | -      | -         | 36,428 |
| 25-29     | Count          | 2       | 2      | 3      | -      | -       | -      | -         | 7      |
|           | Average Salary | 19,867  | 45,244 | 46,624 | -      | -       | -      | -         | 38,585 |
| 30-34     | Count          | 3       | 3      | 1      | 1      | -       | -      | -         | 8      |
|           | Average Salary | 35,550  | 38,372 | 45,191 | 45,166 | -       | -      | -         | 39,015 |
| 35-39     | Count          | 1       | 1      | 7      | 3      | 4       | -      | -         | 16     |
|           | Average Salary | 41,074  | 43,857 | 53,378 | 59,200 | 44,410  | -      | -         | 50,863 |
| 40-44     | Count          | 2       | 3      | 7      | 2      | 2       | 2      | -         | 18     |
|           | Average Salary | 47,992  | 49,478 | 59,267 | 47,889 | 50,763  | 61,533 | -         | 54,425 |
| 45-49     | Count          | 2       | 4      | 5      | 2      | 2       | 2      | 1         | 18     |
|           | Average Salary | 44,246  | 61,550 | 56,457 | 68,798 | 33,219  | 54,779 | 45,250    | 54,212 |
| 50-54     | Count          | 1       | 4      | 4      | 2      | 3       | 1      | 1         | 16     |
|           | Average Salary | 24,284  | 42,429 | 61,980 | 26,326 | 48,039  | 51,307 | 58,248    | 46,765 |
| 55-59     | Count          | 1       | 4      | 1      | 2      | 1       | 3      | -         | 12     |
|           | Average Salary | 18,719  | 88,889 | 55,576 | 22,798 | 126,622 | 7,509  | -         | 52,050 |
| 60-64     | Count          | -       | 3      | 1      | -      | -       | -      | -         | 4      |
|           | Average Salary | -       | 55,749 | 89,386 | -      | -       | -      | -         | 64,158 |
| 65 & Over | Count          | -       | -      | -      | -      | -       | -      | -         | -      |
|           | Average Salary | -       | -      | -      | -      | -       | -      | -         | -      |
| Total     | Count          | 12      | 25     | 29     | 12     | 12      | 8      | 2         | 100    |
|           | Average Salary | 34,578  | 54,922 | 56,853 | 46,199 | 51,362  | 38,307 | 51,749    | 50,174 |



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## Data Summary

### Actives - Total

|           |                | Service |        |        |        |        |        |           |        |
|-----------|----------------|---------|--------|--------|--------|--------|--------|-----------|--------|
| Age       |                | Under 1 | 1-4    | 5-9    | 10-14  | 15-19  | 20-24  | 25 & Over | Total  |
| Under 25  | Count          | 17      | 9      | 2      | -      | -      | -      | -         | 28     |
|           | Average Salary | 33,711  | 37,517 | 56,218 | -      | -      | -      | -         | 36,542 |
| 25-29     | Count          | 21      | 64     | 16     | -      | -      | -      | -         | 101    |
|           | Average Salary | 35,950  | 49,142 | 48,653 | -      | -      | -      | -         | 46,321 |
| 30-34     | Count          | 25      | 59     | 46     | 6      | -      | -      | -         | 136    |
|           | Average Salary | 37,554  | 55,829 | 61,258 | 46,346 | -      | -      | -         | 53,887 |
| 35-39     | Count          | 18      | 50     | 68     | 27     | 11     | -      | -         | 174    |
|           | Average Salary | 40,266  | 56,665 | 56,574 | 67,852 | 58,100 | -      | -         | 56,760 |
| 40-44     | Count          | 21      | 45     | 56     | 36     | 27     | 7      | -         | 192    |
|           | Average Salary | 40,842  | 60,578 | 65,625 | 61,051 | 71,644 | 67,624 | -         | 61,793 |
| 45-49     | Count          | 15      | 42     | 58     | 33     | 33     | 23     | 4         | 208    |
|           | Average Salary | 38,374  | 55,990 | 62,920 | 61,336 | 62,038 | 70,400 | 47,157    | 59,883 |
| 50-54     | Count          | 10      | 36     | 49     | 31     | 45     | 22     | 17        | 210    |
|           | Average Salary | 51,627  | 59,759 | 55,776 | 58,622 | 67,143 | 67,514 | 69,075    | 61,423 |
| 55-59     | Count          | 6       | 32     | 31     | 24     | 24     | 21     | 13        | 151    |
|           | Average Salary | 59,727  | 64,387 | 64,193 | 57,586 | 66,834 | 47,302 | 72,656    | 61,806 |
| 60-64     | Count          | 1       | 15     | 19     | 8      | 19     | 3      | 7         | 72     |
|           | Average Salary | 11,384  | 50,987 | 64,444 | 48,446 | 66,695 | 75,273 | 75,680    | 61,263 |
| 65 & Over | Count          | 1       | 4      | 5      | 1      | 4      | 4      | 3         | 22     |
|           | Average Salary | 58,365  | 76,222 | 61,370 | 41,336 | 64,663 | 49,992 | 41,048    | 58,782 |
| Total     | Count          | 135     | 356    | 350    | 166    | 163    | 80     | 44        | 1,294  |
|           | Average Salary | 39,773  | 56,092 | 60,384 | 60,002 | 66,086 | 62,463 | 67,280    | 58,085 |



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## Actuarial Assumptions

|                               | <u><b>1/1/2006 Valuation</b></u>   |             |            |            |      |       |       |      |       |       |   |   |   |       |      |      |
|-------------------------------|--|-------------|------------|------------|------|-------|-------|------|-------|-------|---|---|---|-------|------|------|
| ■ Valuation Date              | ➤ January 1, 2006<br>➤ 2006/07 Fiscal Year   |             |            |            |      |       |       |      |       |       |   |   |   |       |      |      |
| ■ Discount rate               | ➤ 4.25% (assets invested in General Fund, not pre-funded)<br>➤ 7.0% (pre-funded & assets invested in separate trust)   |             |            |            |      |       |       |      |       |       |   |   |   |       |      |      |
| ■ Aggregate Payroll Increases | 3.25%  |             |            |            |      |       |       |      |       |       |   |   |   |       |      |      |
| ■ Inflation                   | 3.00%  |             |            |            |      |       |       |      |       |       |   |   |   |       |      |      |
| ■ Healthcare cost increases   | <table><tr><td><u>Year</u></td><td><u>HMO</u></td><td><u>PPO</u></td></tr><tr><td>2007</td><td>11.0%</td><td>12.0%</td></tr><tr><td>2008</td><td>10.3%</td><td>11.3%</td></tr><tr><td>↓</td><td>↓</td><td>↓</td></tr><tr><td>2017+</td><td>4.0%</td><td>5.0%</td></tr></table> | <u>Year</u> | <u>HMO</u> | <u>PPO</u> | 2007 | 11.0% | 12.0% | 2008 | 10.3% | 11.3% | ↓ | ↓ | ↓ | 2017+ | 4.0% | 5.0% |
| <u>Year</u>                   | <u>HMO</u>   | <u>PPO</u>  |            |            |      |       |       |      |       |       |   |   |   |       |      |      |
| 2007                          | 11.0%  | 12.0%       |            |            |      |       |       |      |       |       |   |   |   |       |      |      |
| 2008                          | 10.3%  | 11.3%       |            |            |      |       |       |      |       |       |   |   |   |       |      |      |
| ↓                             | ↓  | ↓           |            |            |      |       |       |      |       |       |   |   |   |       |      |      |
| 2017+                         | 4.0%   | 5.0%        |            |            |      |       |       |      |       |       |   |   |   |       |      |      |



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## Actuarial Assumptions

|                                     |                                     |                                   |                 |
|-------------------------------------|-------------------------------------|-----------------------------------|-----------------|
|                                     | <u><b>1/1/2006 Valuation</b></u>    |                                   |                 |
| ■ PEMHCA minimum Increases          |                                     | <u>Actives</u>                    | <u>Retirees</u> |
|                                     | 2006                                | 64.60                             | 18.06           |
|                                     | 2007                                | 80.80                             | 22.10           |
|                                     | 2008                                | 97.00                             | 26.95           |
|                                     | 2009+                               | Increased by PPO healthcare trend |                 |
| ■ Dental Increase                   | 3.00%                               |                                   |                 |
| ■ Vision Increase                   | 3.00%                               |                                   |                 |
| ■ Mortality, Disability, Withdrawal | CalPERS' 1997-2002 Experience Study |                                   |                 |
| ■ Retirement                        | CalPERS' 1997-2002 Experience Study |                                   |                 |
|                                     | <u>Miscellaneous</u>                |                                   | <u>Safety</u>   |
|                                     | Level                               | 2.5%@55                           | Level 3%@50     |
|                                     | Male ERA                            | ≈ 60                              | ERA(25YOS) ≈ 54 |
|                                     | Female ERA                          | ≈ 59                              |                 |



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## Actuarial Assumptions

|                                  | <u><b>1/1/2006 Valuation</b></u>  |
|----------------------------------|---|
| ■ Deferred retirement age        | 50  |
| ■ Participation                  | <ul style="list-style-type: none"> <li>➢ Currently covered 100%</li> <li>➢ Not currently covered 90%</li> </ul>   |
| ■ Dependents                     | <ul style="list-style-type: none"> <li>➢ Actives                             <ul style="list-style-type: none"> <li>Currently covered – current marital status</li> <li>Not currently covered – 80% married</li> </ul> </li> <li>➢ Retirees – current marital status</li> </ul> |
| ■ Spouse Age                     | <ul style="list-style-type: none"> <li>➢ Males 3 years older than females</li> </ul>  |
| ■ Future Sick Leave Accumulation | <ul style="list-style-type: none"> <li>➢ 96 hours/year</li> </ul>   |
| ■ Future Sick Leave Usage        | <ul style="list-style-type: none"> <li>➢ 50%</li> <li>➢ Based on 2005 actual usage</li> </ul>   |



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## Actuarial Assumptions

|                             | <u><b>1/1/2006 Valuation</b></u>  |
|-----------------------------|---|
| ■ Health plan at retirement | <ul style="list-style-type: none"> <li>➢ Same as current coverage, except,</li> <li>➢ 7.5% have family coverage at retirement</li> <li>➢ 0% beyond age 57</li> <li>➢ Current waived – weighted average premium</li> </ul> |
| ■ Medicare eligible rate    | <ul style="list-style-type: none"> <li>➢ 100%</li> <li>➢ Everyone eligible for Medicare will elect Part B coverage</li> </ul>   |
| ■ Benefit Coordination      | <ul style="list-style-type: none"> <li>➢ If eligible for both Sick Leave Conversion and Long Term Service Conversion =&gt; Elect longer benefit</li> </ul>  |
| ■ Future New Entrants       | None – Closed Group   |



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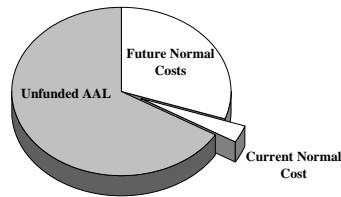
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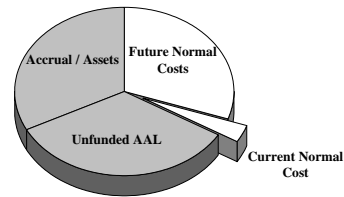
## Definitions

### Present Value of Projected Benefits (PVPB)

#### Without Assets



#### With Assets



- PVPB - Present Value of all Projected Benefits:
  - Discounted value, at measurement (valuation date – 1/1/2006), of all future expected benefit payments
  - Expected benefit payments based on various (actuarial) assumptions



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## Definitions

- AAL – Actuarial Accrued Liability / Actuarial Obligations:
  - Discounted value, at measurement (valuation date – 1/1/2006), of benefits “earned” (based on actuarial cost method) through measurement
  - Portion of PVPB “earned” at measurement
- Normal Cost:
  - Value of benefits “earned” during current year
  - Portion of PVPB allocated to current year
- Actuarial Cost Method:
  - Determines how benefits are “earned” (or allocated) to each year of service
  - Has no effect on PVPB
  - Has significant effect on Actuarial Obligations and Normal Cost



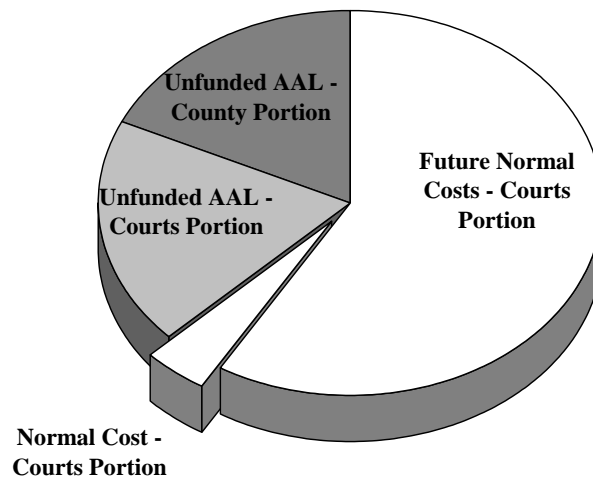
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## Actuarial Methods

### Present Value of Benefits Total Courts



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## Actuarial Methods

- Courts Liability Allocation
  - PVPB: Allocated based on Courts separation date for County and Courts portions
  - AAL County Portion – Same as PVPB County Portion
  - AAL Courts Portion – Portion of PVPB Courts Portion “earned” at measurement
  - NC – goes to Courts
  - Future NC – goes to Courts



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## Actuarial Methods

|   | Comments  |
|---|---|
| ■ Cost Method                             | <ul style="list-style-type: none"> <li>■ Choice of 6 methods: Entry Age; Frozen Entry Age; Attained Age; Frozen Attained Age; Projected Unit Credit; &amp; Aggregate</li> <li>■ Entry Age Normal consistent with CalPERS and acceptable to GASB</li> </ul>  |
| ■ Initial Unfunded Liability Amortization | <ul style="list-style-type: none"> <li>■ Amortized as level percentage of pay over 20 (30?) years</li> <li>■ Acceptable to GASB</li> </ul>  |
| ■ "Implied Subsidy"                       | <ul style="list-style-type: none"> <li>■ Employer cost for allowing retirees to participate, irrespective of employer contribution</li> <li>■ Community rated plans not required to value implied subsidy</li> <li>■ PEMHCA is, for most employers, community rated plan</li> <li>■ County Kaiser \$5 Plan - need to value implied subsidy</li> </ul> |



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## Actuarial Methods

| GASB Terminology   | Definition  |
|--|---|
| ■ Annual Required Contribution (ARC)                     | <ul style="list-style-type: none"> <li>■ Actuarially determined contribution, using funding method, amortization period, assumptions, etc.</li> </ul>   |
| ■ Annual Other Post Employment Benefit (OPEB) Cost (AOC) | <ul style="list-style-type: none"> <li>■ Similar to GASB 27 Annual Pension Cost</li> <li>■ ARC, adjusted for: <ul style="list-style-type: none"> <li>➢ Interest on NOO and</li> <li>➢ Amortization of NOO</li> </ul> </li> </ul>  |
| ■ Net OPEB Obligation (NOO)                              | <ul style="list-style-type: none"> <li>■ Historical difference between actual contribution and ARC</li> <li>■ <math>NOO \text{ (end of year)} = NOO \text{ (beginning of year)} + AOC \text{ (for year)} - \text{actual contributions (made during year)}</math></li> </ul> |



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## Simplified Example - Active

(Assumes 0% Interest and Other Simplifying Assumptions)

| If:              | Age | Service | PERSable<br>Wages |
|------------------|-----|---------|-------------------|
| ■ At Hire:       | 35  | 0       | -                 |
| ■ Current:       | 45  | 10      | \$ 60,000         |
| ■ At Retirement: | 60  | 25      | -                 |

Then:

|                       |   |                   |            |
|-----------------------|---|-------------------|------------|
| ■ PVPB <sub>45</sub>  | = |                   | \$ 100,000 |
| ■ AAL <sub>45</sub>   | = | (10/25) x 100,000 | = 40,000   |
| ■ Assets              | = |                   | <u>0</u>   |
| ■ UAAL                | = |                   | 40,000     |
| ■ NC <sub>45/46</sub> | = | (1/25) x 100,000  | = 4,000    |



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## Simplified Example - Active

### Annual Required Contribution

|                      |   |                 |                |
|----------------------|---|-----------------|----------------|
| ■ Normal Cost        | = |                 | \$ 4,000       |
| ■ UAAL Amortization  | = | (1/20) x 40,000 | = <u>2,000</u> |
| ■ ARC - \$           | = |                 | <b>6,000</b>   |
| ■ ARC - %            | = | 6,000 / 60,000  | = 10%          |
| ■ Pay as You Go Cost |   |                 | <b>0</b>       |

| Net OPEB Obligation |   | Without Trust | With Trust     |
|---------------------|---|---------------|----------------|
| ■ BoY NOO           | = | \$ 0          | \$ 0           |
| ■ + ARC             | = | 6,000         | 6,000          |
| ■ - Payments        | = | <u>0</u>      | <u>(6,000)</u> |
| ■ EoY NOO           | = | 6,000         | 0              |



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## Simplified Example - Retiree

(Assumes 0% Interest and Other Simplifying Assumptions)

| If:              | Age | Service | Annual<br>Payment |
|------------------|-----|---------|-------------------|
| ■ At retirement: | 60  | 25      | -                 |
| ■ Current Age:   | 62  | 25      | \$ 4,000          |

Then:

|                       |   |                   |            |
|-----------------------|---|-------------------|------------|
| ■ PVPB <sub>62</sub>  | = |                   | \$ 100,000 |
| ■ AAL <sub>62</sub>   | = | (25/25) x 100,000 | = 100,000  |
| ■ Assets              | = |                   | <u>0</u>   |
| ■ UAAL                | = |                   | 100,000    |
| ■ NC <sub>62/63</sub> | = | (0/25) x 100,000  | = 0        |



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## Simplified Example - Retiree

### Annual Required Contribution

|                      |   |                  |                |
|----------------------|---|------------------|----------------|
| ■ Normal Cost        | = |                  | \$ 0           |
| ■ UAAL Amortization  | = | (1/20) x 100,000 | = <u>5,000</u> |
| ■ ARC - \$           | = |                  | <b>5,000</b>   |
| ■ ARC - %            | = |                  | N/A            |
| ■ Pay as You Go Cost |   |                  | <b>4,000</b>   |

| Net OPEB Obligation |   | Without Trust  | With Trust     |
|---------------------|---|----------------|----------------|
| ■ BoY NOO           | = | \$ 0           | \$ 0           |
| ■ + ARC             | = | 5,000          | 5,000          |
| ■ - Payments        | = | <u>(4,000)</u> | <u>(5,000)</u> |
| ■ EoY NOO           | = | 1,000          | 0              |



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## Results – Total County

### Actuarial Obligations 4.25% Discount Rate (000's Omitted)

|                                    | County<br>Only | County<br>Portion of<br>Courts | Total<br>County |
|------------------------------------|----------------|--------------------------------|-----------------|
| ■ <b>Present Value of Benefits</b> |                |                                |                 |
| ➤ Actives                          | \$71,378       | \$1,811                        | \$73,189        |
| ➤ Retirees                         | 15,635         | 460                            | 16,096          |
| ➤ Total                            | 87,013         | 2,271                          | 89,285          |
| ■ <b>AAL</b>                       |                |                                |                 |
| ➤ Actives                          | \$33,330       | \$1,811                        | \$35,141        |
| ➤ Retirees                         | 15,635         | 460                            | 16,096          |
| ➤ Total                            | 48,966         | 2,271                          | 51,237          |
| ■ <b>Normal Cost</b>               | 3,525          | N/A                            | 3,525           |
| ■ <b>Pay-as-you-go Cost</b>        | 1,347          | 63                             | 1,410           |



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## Results – Total County

### Annual Required Contribution (ARC) 2006/07 Fiscal Year 4.25% Discount Rate (000's Omitted)

|                                    | County<br>Only | County<br>Portion of<br>Courts | Total<br>County |
|------------------------------------|----------------|--------------------------------|-----------------|
| ■ <b>ARC - \$</b>                  |                |                                |                 |
| ➤ Normal cost                      | \$ 3,525       | N/A                            | \$ 3,525        |
| ➤ UAAL Amortization <sup>5</sup>   | 2,793          | \$ 130                         | 2,922           |
| ➤ Total ARC                        | 6,318          | 130                            | 6,447           |
| ■ <b>Total Payroll<sup>6</sup></b> | 80,700         | 80,700                         | 80,700          |
| ■ <b>ARC - %</b>                   |                |                                |                 |
| ➤ Normal cost                      | 4.4%           | N/A                            | 4.4%            |
| ➤ UAAL Amortization                | 3.5%           | 0.2%                           | 3.6%            |
| ➤ Total ARC                        | 7.8%           | 0.2%                           | 8.0%            |

<sup>5</sup> UAAL Amortized as a level percent of payroll over 20 years.

<sup>6</sup> Projected 2006/07 payroll to be consistent with 6/30/05 CalPERS reports



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## Results – Total Courts

### Actuarial Obligations 4.25% Discount Rate (000's Omitted)

|                                    | County<br>Portion of<br>Courts | Courts<br>Portion of<br>Courts | Total<br>Courts |
|------------------------------------|--------------------------------|--------------------------------|-----------------|
| ■ <b>Present Value of Benefits</b> |                                |                                |                 |
| ➤ Actives                          | \$1,811                        | \$4,821                        | \$6,631         |
| ➤ Retirees                         | 460                            | 73                             | 534             |
| ➤ Total                            | 2,271                          | 4,894                          | 7,165           |
| ■ <b>AAL</b>                       |                                |                                |                 |
| ➤ Actives                          | \$1,811                        | \$1,518                        | \$3,329         |
| ➤ Retirees                         | 460                            | 73                             | 534             |
| ➤ Total                            | 2,271                          | 1,591                          | 3,863           |
| ■ <b>Normal Cost</b>               | N/A                            | 336                            | 336             |
| ■ <b>Pay-as-you-go Cost</b>        | 63                             | 15                             | 78              |



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## Results – Total Courts

### Annual Required Contribution (ARC) 2006/07 Fiscal Year 4.25% Discount Rate (000's Omitted)

|                                  | County<br>Portion of<br>Courts | Courts<br>Portion of<br>Courts | Total<br>Courts |
|----------------------------------|--------------------------------|--------------------------------|-----------------|
| ■ <b>ARC - \$</b>                |                                |                                |                 |
| ➤ Normal cost                    | N/A                            | \$ 336                         | \$ 336          |
| ➤ UAAL Amortization <sup>7</sup> | \$ 130                         | 91                             | 220             |
| ➤ Total ARC                      | 130                            | 427                            | 556             |
| ■ <b>Total Payroll</b>           | 5,098                          | 5,098                          | 5,098           |
| ■ <b>ARC - %</b>                 |                                |                                |                 |
| ➤ Normal cost                    | N/A                            | 6.6%                           | 6.6%            |
| ➤ UAAL Amortization              | 2.6%                           | 1.8%                           | 4.3%            |
| ➤ Total ARC                      | 2.6%                           | 8.4%                           | 10.9%           |

<sup>7</sup> UAAL Amortized as a level percent of payroll over 20 years.



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## Results – Total County by Benefit Sick Leave Conversion

### Actuarial Obligations 4.25% Discount Rate (000's Omitted)

|                                    | County<br>Only | County<br>Portion of<br>Courts | Total<br>County |
|------------------------------------|----------------|--------------------------------|-----------------|
| ■ <b>Present Value of Benefits</b> |                |                                |                 |
| ➤ Actives                          | \$38,609       | \$ 488                         | \$39,096        |
| ➤ Retirees                         | 2,330          | 94                             | 2,425           |
| ➤ Total                            | 40,939         | 582                            | 41,521          |
| ■ <b>AAL</b>                       |                |                                |                 |
| ➤ Actives                          | \$18,230       | \$ 488                         | \$18,718        |
| ➤ Retirees                         | 2,330          | 94                             | 2,425           |
| ➤ Total                            | 20,560         | 582                            | 21,142          |
| ■ <b>Normal Cost</b>               | 1,870          | N/A                            | 1,870           |



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## Results – Total County by Benefit Sick Leave Conversion

### Annual Required Contribution (ARC) 2006/07 Fiscal Year 4.25% Discount Rate (000's Omitted)

|                                  | County<br>Only | County<br>Portion of<br>Courts | Total<br>County |
|----------------------------------|----------------|--------------------------------|-----------------|
| ■ <b>ARC - \$</b>                |                |                                |                 |
| ➤ Normal cost                    | \$ 1,870       | N/A                            | \$ 1,870        |
| ➤ UAAL Amortization <sup>8</sup> | 1,173          | \$ 29                          | 1,206           |
| ➤ Total ARC                      | 3,043          | 29                             | 3,076           |
| ■ <b>Total Payroll</b>           | 80,700         | 80,700                         | 80,700          |
| ■ <b>ARC - %</b>                 |                |                                |                 |
| ➤ Normal cost                    | 2.3%           | N/A                            | 2.3%            |
| ➤ UAAL Amortization              | 1.5%           | 0.0%                           | 1.5%            |
| ➤ Total ARC                      | 3.8%           | 0.0%                           | 3.8%            |

<sup>8</sup> UAAL Amortized as a level percent of payroll over 20 years.



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## Results – Total County by Benefit Long Term Service & Other

### Actuarial Obligations 4.25% Discount Rate (000's Omitted)

|                                    | County<br>Only | County<br>Portion of<br>Courts | Total<br>County |
|------------------------------------|----------------|--------------------------------|-----------------|
| ■ <b>Present Value of Benefits</b> |                |                                |                 |
| ➤ Actives                          | \$32,769       | \$1,323                        | \$34,092        |
| ➤ Retirees                         | 13,305         | 366                            | 13,671          |
| ➤ Total                            | 46,075         | 1,689                          | 47,764          |
| ■ <b>AAL</b>                       |                |                                |                 |
| ➤ Actives                          | \$15,100       | \$1,323                        | \$16,423        |
| ➤ Retirees                         | 13,305         | 366                            | 13,671          |
| ➤ Total                            | 28,406         | 1,689                          | 30,095          |
| ■ <b>Normal Cost</b>               | 1,655          | N/A                            | 1,655           |



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## Results – Total County by Benefit Long Term Service & Other

### Annual Required Contribution (ARC) 2006/07 Fiscal Year 4.25% Discount Rate (000's Omitted)

|                                  | County<br>Only | County<br>Portion of<br>Courts | Total<br>County |
|----------------------------------|----------------|--------------------------------|-----------------|
| ■ <b>ARC - \$</b>                |                |                                |                 |
| ➤ Normal cost                    | \$ 1,655       | N/A                            | \$ 1,655        |
| ➤ UAAL Amortization <sup>9</sup> | 1,620          | \$ 84                          | 1,716           |
| ➤ Total ARC                      | 3,275          | 84                             | 3,371           |
| ■ <b>Total Payroll</b>           | 80,700         | 80,700                         | 80,700          |
| ■ <b>ARC - %</b>                 |                |                                |                 |
| ➤ Normal cost                    | 2.1%           | N/A                            | 2.1%            |
| ➤ UAAL Amortization              | 2.0%           | 0.1%                           | 2.1%            |
| ➤ Total ARC                      | 4.1%           | 0.1%                           | 4.2%            |

<sup>9</sup> UAAL Amortized as a level percent of payroll over 20 years.



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## Sensitivity

### Interest Rate Sensitivity

#### Total County (000's Omitted)

|                                   | <i>Discount Rate</i> |             |
|-----------------------------------|----------------------|-------------|
|                                   | <i>4.25%</i>         | <i>7.0%</i> |
| ■ <b>PVPB</b>                     | \$89,285             | \$55,322    |
| ■ <b>Funded Status</b>            |                      |             |
| ➢ AAL                             | 51,237               | 37,061      |
| ➢ Assets                          | 0                    | 0           |
| ➢ Unfunded AAL                    | 51,237               | 37,061      |
| ■ <b>2006/07 ARC</b>              |                      |             |
| ➢ Normal Cost                     | 3,525                | 2,097       |
| ➢ UAAL Amortization <sup>10</sup> | 2,922                | 2,725       |
| ➢ Total Accrual                   | 6,447                | 4,822       |
| ➢ Accrual as % of payroll         | 8.0%                 | 6.0%        |

<sup>10</sup> UAAL Amortized as a level percent of payroll over 20 years.



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## Sensitivity

### Amortization Sensitivity

#### Total County (000's Omitted)

|                                   | <i>4.25%</i>    |                 | <i>7.00%</i>    |                 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                   | <i>20 Years</i> | <i>30 Years</i> | <i>20 Years</i> | <i>30 Years</i> |
| ■ <b>Discount Rate</b>            |                 |                 |                 |                 |
| ■ <b>Amortization</b>             |                 |                 |                 |                 |
| ■ <b>PVPB</b>                     | \$89,285        | \$89,285        | \$55,322        | \$55,322        |
| ■ <b>Funded Status</b>            |                 |                 |                 |                 |
| ➢ AAL                             | 51,237          | 51,237          | 37,061          | 37,061          |
| ➢ Assets                          | 0               | 0               | 0               | 0               |
| ➢ Unfunded AAL                    | 51,237          | 51,237          | 37,061          | 37,061          |
| ■ <b>2006/07 ARC</b>              |                 |                 |                 |                 |
| ➢ Normal Cost                     | 3,525           | 3,525           | 2,097           | 2,097           |
| ➢ UAAL Amortization <sup>11</sup> | 2,922           | 2,040           | 2,725           | 2,115           |
| ➢ Total Accrual                   | 6,447           | 5,565           | 4,822           | 4,212           |
| ➢ Accrual as % of payroll         | 8.0%            | 6.9%            | 6.0%            | 5.2%            |

<sup>11</sup> UAAL Amortized as a level percent of payroll over 20 years.



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## Sensitivity

### Alternative PEMHCA Minimum

#### 4.25% Discount Rate

#### Total County (000's Omitted)

|                                   | <i>PEMHCA Minimum</i> |                    |
|-----------------------------------|-----------------------|--------------------|
|                                   | <i>Current</i>        | <i>Alternative</i> |
| ■ <b>PVPB</b>                     | \$89,285              | \$261,108          |
| ■ <b>Funded Status</b>            |                       |                    |
| ➢ AAL                             | 51,237                | 133,748            |
| ➢ Assets                          | 0                     | 0                  |
| ➢ Unfunded AAL                    | 51,237                | 133,748            |
| ■ <b>2006/07 ARC</b>              |                       |                    |
| ➢ Normal Cost                     | 3,525                 | 11,725             |
| ➢ UAAL Amortization <sup>12</sup> | 2,922                 | 7,628              |
| ➢ Total Accrual                   | 6,447                 | 19,353             |
| ➢ Accrual as % of payroll         | 8.0%                  | 24.0%              |

<sup>12</sup> UAAL Amortized as a level percent of payroll over 20 years.



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## Sensitivity

### Alternative Courts Separation Date

#### 4.25% Discount Rate

#### County Portion of Courts (000's Omitted)

|   | <i>Courts Separation Date</i> |                 |
|---|-------------------------------|-----------------|
|   | <i>1/1/2001</i>               | <i>7/1/1997</i> |
| ■ <b>PVPB</b>                           | \$2,271                       | \$1,576         |
| ■ <b>Funded Status</b>                  |                               |                 |
| ➢ AAL                                   | 2,271                         | 1,576           |
| ➢ Assets                                | 0                             | 0               |
| ➢ Unfunded AAL                          | 2,271                         | 1,576           |
| ■ <b>2006/07 ARC</b>                    |                               |                 |
| ➢ Normal Cost                           | N/A                           | N/A             |
| ➢ UAAL Amortization <sup>13</sup>       | 130                           | 90              |
| ➢ Total Accrual                         | 130                           | 90              |
| ➢ Accrual as % of payroll <sup>14</sup> | 0.2%                          | 0.1%            |

<sup>13</sup> UAAL Amortized as a level percent of payroll over 20 years.

<sup>14</sup> Total County Payroll



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## GASB Information

**Estimated NOO  
Total County  
4.25% Discount Rate  
(000's Omitted)**

|   |   |                |
|---|---|----------------|
| ■ | <b>NOO 6/30/2006</b>                        | \$ -           |
| • | 2006/07 ARC                                 | 6,447          |
| • | Estimated Benefit Payment                   | <u>(1,535)</u> |
| ■ | <b>Estimated NOO 6/30/2007<sup>15</sup></b> | 4,913          |

<sup>15</sup> Actual NOO depends on actual benefit payment



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## GASB Information

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## Projections

### Cash and Accrual Projections 4.25% Discount Rate / 20 years amortization Total County (000's Omitted)

| Fiscal Year Beginning July 1, | Beginning of Year Net OPEB Obligation | Pay As You Go (Estimated Open Group) | Annual OPEB Cost (AOC) | Payroll  |
|-------------------------------|---------------------------------------|--------------------------------------|------------------------|----------|
| 2006                          | \$ -                                  | \$1,535                              | \$6,447                | \$80,700 |
| 2007                          | 4,913                                 | 1,778                                | 6,591                  | 83,322   |
| 2008                          | 9,727                                 | 2,076                                | 6,743                  | 86,030   |
| 2009                          | 14,394                                | 2,388                                | 6,904                  | 88,826   |
| 2010                          | 18,911                                | 2,697                                | 7,075                  | 91,713   |
| 2011                          | 23,288                                | 3,083                                | 7,254                  | 94,694   |
| 2012                          | 27,459                                | 3,445                                | 7,444                  | 97,772   |
| 2013                          | 31,458                                | 3,768                                | 7,645                  | 100,949  |
| 2014                          | 35,335                                | 4,160                                | 7,855                  | 104,230  |
| 2015                          | 39,029                                | 4,429                                | 8,076                  | 107,617  |



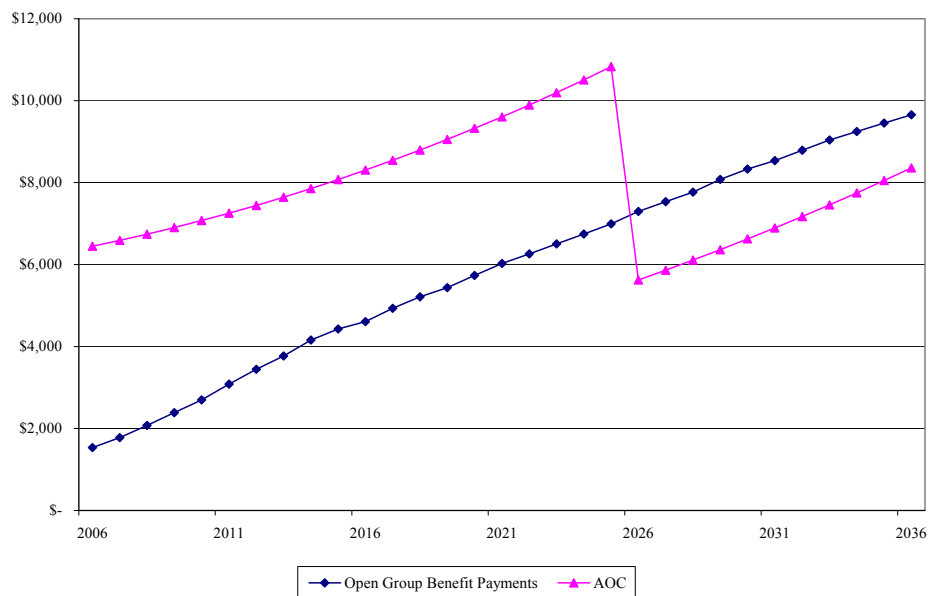
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## Projections

### 30 Year Projection



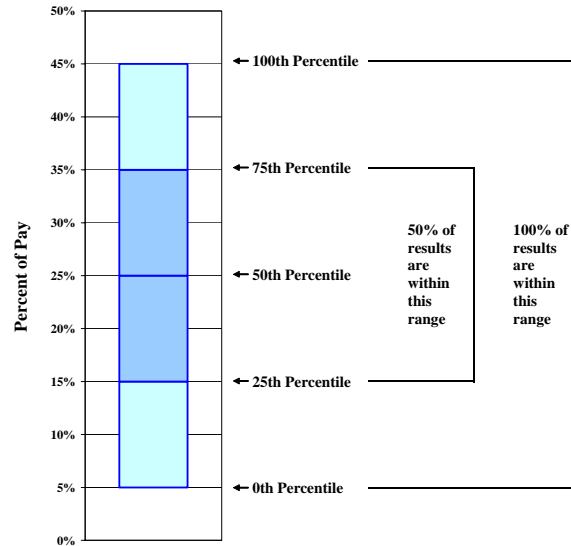
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# Bartel Associates GASB 45 Data Base

## GASB 45 Retiree Medical Benefits Survey Sample Percentile Graph



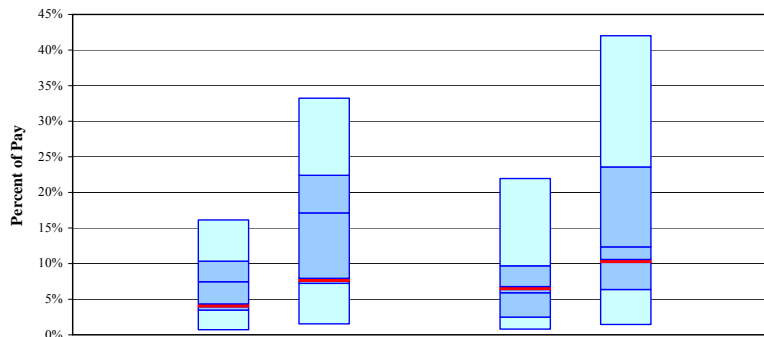
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# Bartel Associates GASB 45 Data Base

## GASB 45 Retiree Medical Benefits Survey Normal Cost & Annual Required Contribution



|                        | Miscellaneous |       | Safety |       |
|------------------------|---------------|-------|--------|-------|
|                        | NC            | ARC   | NC     | ARC   |
| 100th Percentile       | 16.1%         | 33.2% | 22.0%  | 42.0% |
| 75th Percentile        | 10.3%         | 22.4% | 9.7%   | 23.6% |
| 50th Percentile        | 7.5%          | 17.1% | 5.9%   | 12.3% |
| 25th Percentile        | 3.5%          | 7.2%  | 2.5%   | 6.4%  |
| 0th Percentile         | 0.7%          | 1.5%  | 0.8%   | 1.4%  |
| Napa County Percentile | 4.1%          | 7.7%  | 6.6%   | 10.4% |
|                        | 27.6%         | 25.5% | 54.8%  | 41.9% |



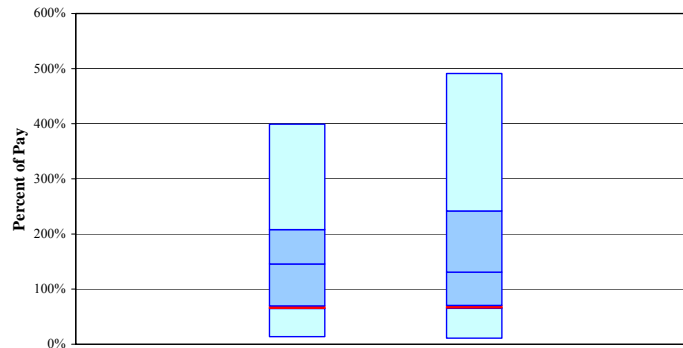
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# Bartel Associates GASB 45 Data Base

## GASB 45 Retiree Medical Benefits Survey Actuarial Accrued Liability



|                           | <u>Miscellaneous</u> | <u>Safety</u> |
|---------------------------|----------------------|---------------|
| 100th Percentile          | 396%                 | 491%          |
| 75th Percentile           | 205%                 | 242%          |
| 50th Percentile           | 143%                 | 131%          |
| 25th Percentile           | 62%                  | 65%           |
| 0th Percentile            | 11%                  | 11%           |
| Napa County<br>Percentile | 63%<br>26%           | 67%<br>29%    |



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## Other Issues

- Comments:
  - If County Kaiser Plan goes away:
    - ☐ Sick Leave Conversion & Long Term Service Conversion liabilities likely decrease and
    - ☐ Implied subsidy liability goes away
- Timing:
  - Discuss methods and assumptions March 1, 2006
  - Present preliminary results April 3, 2006
  - Revised result April 18, 2006
  - Executive summary & report May 2, 2006
  - Revised Executive summary & result Nov 6, 2006



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