



Town of Yountville

"The Heart of the Napa Valley"

TOWN OF YOUNTVILLE RETIREE HEALTHCARE PLAN

June 30, 2007 GASB 45 Actuarial Valuation

Revised Results

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BARTEL
ASSOCIATES, LLC

February 5, 2008

Agenda

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What is GASB 45?

- **OPEB: (Other than pension Post Employment Benefits)**
- Historically accounted for as Pay-As-You-Go:
 - Generally ignored until employees stop rendering service
 - Pay \$1 / Account for \$1
- GASB Statement No. 45, Issued June 2004:
 - Requires agencies recognize their OPEB cost over the active service life of their employees rather than on a pay-as-you-go basis
- Effective date:
 - Based on GASB 34 Phase in
 - Town will be Phase III
 - Mandatory implementation for 2009/10 Fiscal Year
 - Early implementation encouraged



Definition of Terms

- **Actuarial Accrued Liability (AAL):**
 - Liability for benefits “earned” for past service using actuarial assumptions
- **Annual Required Contribution (ARC):**
 - Normal Cost – value of benefits “earned” during the current year, plus
 - Amortization of unfunded AAL
- **Net OPEB Obligation (NOO):**
 - Historical difference between ARC and actual contribution
- **Pay Go**
 - Cash payments for retiree benefits; no pre-funding



Benefit Summary

Eligibility: Full-time employees that retire directly from the Town under CalPERS

Benefit: PEMHCA premium up to the following monthly caps:

	<u>2007</u>	<u>2008</u>
Regular Monthly Employee	\$ 795.00	\$ 890.86
Town Manager & Dept. Heads	1,258.95	1,385.62
Town Council	300.00	?
Part-time employees	80.80	97.00

- 100% of retiree benefit continues to surviving spouse if retiree elects survivor annuity under retirement plan.



Participant Statistics

June 30, 2007

	<u>Regular Employees</u>	<u>Town Mgr/ Dept Heads</u>	<u>Town Council</u>	<u>Total</u>
■ Actives:				
• Count	18	5	-	23
• Average age	39.5	53.9	-	42.7
• Average service				
➢ Town	6.9	3.9	-	6.2
➢ All CalPERS	9.1	21.3	-	11.8
• Average salary	\$51,996	\$107,893	-	\$64,148
• Total salary (000s)	936	539	-	1,475
■ Service Retirees:				
• Count	8	1	1	10
• Average age	67.7	76.9	69.5	68.8
• Average retirement age	61.2	61.5	65.2	61.6



Actuarial Methods & Assumptions

June 30, 2007 Valuation/Costs for Fiscal 2008/09

Funding Method	Entry Age Normal				
UAAL Amortization	30 Years as Level Percent of Payroll				
Discount Rate	<ul style="list-style-type: none"> ■ 4.25% No pre-funding, assets held in Investment Fund ■ 7.75% Pre-funded through CalPERS 				
Inflation	3.00%				
Payroll Increases	3.25%				
Healthcare Trend	<u>Year</u>	<u>HMO (non-Med/Med)</u>		<u>PPO(non-Med/Med)</u>	
	2008	<i>Actual premiums</i>		<i>Actual Premiums</i>	
	2009	9.7%	10.1%	10.5%	10.9%
	:	:	:	:	:
	2017+	4.5%	4.5%	4.5%	4.5%
Retirement Age	CalPERS: Misc 2.7%@55 Average = 60.3 male Average = 59.5 female				
Termination, Mortality	CalPERS				



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Valuation Results

(Amounts in \$000's)

	Continue Pay-Go 4.25%	Full Pre-Funding 7.75%
■ Present Value of Benefits	\$ 4,248	\$ 2,256
■ Funded Status		
• AAL	2,109	1,378
• Assets	-	-
• UAAL	2,109	1,378
■ 2008/09 ARC		
• Normal Cost	239	132
• UAAL Amortization ¹	94	97
• ARC	333	229
• ARC as % of payroll	21.9%	15.0%
■ Estimated 2008/09 Payroll	\$ 1,523	\$ 1,523

¹ Amortized as a level percent of payroll over 30 years.



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Projections

Pay-As-You-Go Illustration 4.25% Discount Rate, 30-Year Amortization (Amounts in \$000's)

Fiscal Year	Beginning of Year	Benefit Payout	Annual	Payroll	Benefit Payout as % of Payroll
	Net OPEB Obligation		OPEB Cost (AOC)		
2008/09	\$ -	\$ 72	\$ 333	\$ 1,523	4.7%
2009/10	261	87	352	1,572	5.5%
2010/11	526	102	375	1,624	6.3%
2011/12	799	119	398	1,676	7.1%
2012/13	1,078	139	421	1,731	8.0%
2013/14	1,360	157	446	1,787	8.8%
2014/15	1,649	171	470	1,845	9.3%
2015/16	1,948	180	496	1,905	9.4%
2016/17	2,264	186	523	1,967	9.5%
2017/18	2,601	188	551	2,031	9.3%



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Projections

Full Pre-Funding Illustration 7.75% Discount Rate, 30-Year Amortization (Amounts in \$000's)

Fiscal Year	Beginning of Year	Contribution	Annual	Payroll	Contribution as % of Payroll
	Net OPEB Obligation		OPEB Cost (AOC)		
2008/09	\$ -	\$229	\$229	\$1,523	15.0%
2009/10	-	236	236	1,572	15.0%
2010/11	-	244	244	1,624	15.0%
2011/12	-	252	252	1,676	15.0%
2012/13	-	260	260	1,731	15.0%
2013/14	-	268	268	1,787	15.0%
2014/15	-	277	277	1,845	15.0%
2015/16	-	286	286	1,905	15.0%
2016/17	-	296	296	1,967	15.0%
2017/18	-	305	305	2,031	15.0%



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BENEFIT SUMMARY

<ul style="list-style-type: none"> ■ Eligibility 	<ul style="list-style-type: none"> ■ Service (age 50 & 5 years) or disability retirement ■ Retire directly from Town under CalPERS 																	
<ul style="list-style-type: none"> ■ Medical Benefit 	<ul style="list-style-type: none"> ■ PEMHCA premium up to the following monthly caps: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">2007</th> <th style="width: 20%; text-align: center;">Est. 2008</th> </tr> </thead> <tbody> <tr> <td>Regular Monthly Employee:</td> <td style="text-align: right;">\$ 795.00</td> <td style="text-align: right;">\$ 890.86²</td> </tr> <tr> <td>Town Manager & Department Heads³:</td> <td style="text-align: right;">1,258.95</td> <td style="text-align: right;">1,385.62</td> </tr> <tr> <td>Town Council⁴:</td> <td style="text-align: right;">300.00</td> <td style="text-align: center;">?</td> </tr> <tr> <td>Part-time employees⁵:</td> <td style="text-align: right;">80.80</td> <td style="text-align: right;">97.00</td> </tr> </tbody> </table>				2007	Est. 2008	Regular Monthly Employee:	\$ 795.00	\$ 890.86 ²	Town Manager & Department Heads ³ :	1,258.95	1,385.62	Town Council ⁴ :	300.00	?	Part-time employees ⁵ :	80.80	97.00
	2007	Est. 2008																
Regular Monthly Employee:	\$ 795.00	\$ 890.86 ²																
Town Manager & Department Heads ³ :	1,258.95	1,385.62																
Town Council ⁴ :	300.00	?																
Part-time employees ⁵ :	80.80	97.00																
<ul style="list-style-type: none"> ■ Other Benefit 	<ul style="list-style-type: none"> ■ No Dental, Vision, Medicare Part B and/or Life Benefits 																	

² Second highest PEMHCA 2-party premium (Blue Shield) reduced by \$175 for dental.

³ Second highest PEMHCA family premium (Blue Shield).

⁴ No current active Council members and one retired Council member.

⁵ No current employees eligible to receive this benefit.



BENEFIT SUMMARY

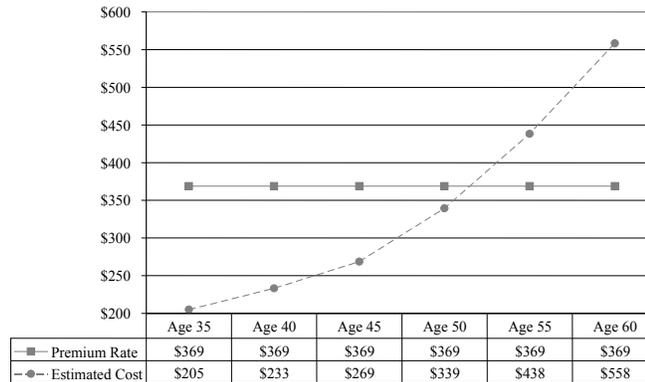
<ul style="list-style-type: none"> ■ Surviving Spouse Benefit 	<ul style="list-style-type: none"> ■ 100% of retiree benefit continues to surviving spouse if retiree elects survivor annuity under retirement plan 		
<ul style="list-style-type: none"> ■ Pay-As-You-Go 	<ul style="list-style-type: none"> ■ FY 2006/07 (est) \$50,600 ■ FY 2005/06 41,703 ■ FY 2004/05 34,203 		



BENEFIT SUMMARY

■ 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

PREMIUMS

PEMHCA Non Medicare Eligible Premiums Bay Area/Sacramento

Plan	2007			2008		
	Single	2-Party	Family	Single	2-Party	Family
Blue Shield	\$484.21	\$968.42	\$1,258.95	\$532.93	\$1,065.86	\$1,385.62
Blue Shield Net Value	N/A	N/A	N/A	478.22	956.44	1,243.37
Kaiser	431.17	862.34	1,121.04	470.67	941.34	1,223.74
PERS Select	N/A	N/A	N/A	467.18	934.36	1,214.67
PERSCare	769.50	1,539.00	2,000.70	749.83	1,499.66	1,949.56
PERS Choice	455.18	910.36	1,183.47	482.48	964.96	1,254.45

PREMIUMS

PEMHCA Medicare Eligible Premiums

Plan	2007			2008		
	Single	2-Party	Family	Single	2-Party	Family
Blue Shield	\$318.95	\$637.90	\$956.85	\$341.44	\$682.88	\$1,024.32
Blue Shield Net Value	N/A	N/A	N/A	304.66	609.32	913.98
Kaiser	289.68	579.36	869.04	273.36	546.72	820.08
PERS Select	N/A	N/A	N/A	349.11	698.22	1,047.33
PERSCare	371.68	743.36	1,115.04	404.60	809.20	1,213.80
PERS Choice	341.75	683.50	1,025.25	349.11	698.22	1,047.33

DATA SUMMARY

Participant Statistics as of June 30, 2007

	Regular Employees	Town Mgr/ Dept Heads	Town Council	Total
■ Actives:				
• Count	18	5	-	23
• Average age	39.5	53.9	-	42.7
• Average service				
➢ Town	6.9	3.9	-	6.2
➢ All CalPERS	9.1	21.3	-	11.8
• Average salary	\$51,996	\$107,893	-	\$64,148
• Total salary (000s)	936	539	-	1,475
■ Service Retirees:				
• Count	8	1	1	10
• Average age	67.7	76.9	69.5	68.8
• Average retirement age	61.2	61.5	65.2	61.6

DATA SUMMARY

Current Active Medical Coverage

Medical Plan	Single	2-Party	Family	Total
Blue Shield Bay/Sac	-	1	-	1
Kaiser Bay/Sac	6	4	4	14
PERSCare Bay/Sac	2	-	-	2
PERS Choice Bay/Sac	1	1	2	4
WAIVED	-	-	-	2
Total	9	6	6	23

DATA SUMMARY

Current Retiree Medical Coverage

Pre 65

Medical Plan	Single	2-Party	Family	Total
Kaiser Bay/Sac	1	-	-	1
PERSCchoice Bay/Sac	2	-	-	2
Waived	-	-	-	-
Total	3	-	-	3

Post 65

Medical Plan	Single	2-Party	Family	Total
Kaiser	1	1	-	2
PERSCare	3	1	-	4
PERSCchoice	1	-	-	1
Waived	-	-	-	-
Total	5	2	-	7

DATA SUMMARY

Current Retiree Medical Coverage by Age Group

Age	Single	2-Party	Total
50-54	-	-	-
55-59	1	-	1
60-64	2	-	2
65-69	3	1	4
70-74	-	-	-
75-79	2	1	3
80-84	-	-	-
85 & Over	-	-	-
Total	8	2	10
Average Age	67.9	72.1	68.8

DATA SUMMARY

**Age/Service Scatter
Total Actives**

Age	Service ⁶							Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25 & Over	
Under 25	1	-	-	-	-	-	-	1
25-29	2	2	-	-	-	-	-	4
30-34	-	1	-	-	-	-	-	1
35-39	2	1	-	1	-	-	-	4
40-44	1	2	1	-	-	-	-	4
45-49	-	-	-	-	-	-	-	-
50-54	-	-	-	1	1	1	-	3
55-59	-	2	3	-	-	1	-	6
60-64	-	-	-	-	-	-	-	-
65 & Over	-	-	-	-	-	-	-	-
Total	6	8	4	2	1	2	-	23

⁶ CalPERS service with the Town

ACTUARIAL ASSUMPTIONS

June 30, 2007 Valuation	
■ Valuation Date	<ul style="list-style-type: none"> • June 30, 2007 • Cost for fiscal year 2008/09 (end of year)
■ Discount Rate	<ul style="list-style-type: none"> • 4.25% Not pre-funded Expected return on Town investments (LAIF) • 7.75% Pre-funded through CalPERS, diversified & invested in separate trust
■ Aggregate Payroll Increases	<ul style="list-style-type: none"> • 3.25%
■ General Inflation	<ul style="list-style-type: none"> • 3.00%

ACTUARIAL ASSUMPTIONS

June 30, 2007 Valuation					
■ Healthcare Trend		<u>Non-Medicare</u>		<u>Medicare</u>	
	<u>Year</u>	<u>HMO</u>	<u>PPO</u>	<u>HMO</u>	<u>PPO</u>
	2008	<i>Actual Premium</i>		<i>Actual Premium</i>	
	2009	9.7%	10.5%	10.1%	10.9%
	↓	↓	↓	↓	↓
	2017+	4.5%	4.5%	4.5%	4.5%
■ Increase to Dollar Caps	<ul style="list-style-type: none"> • HMO Healthcare Trend (baseline) • CPI (for sensitivity) 				
■ Mortality, Withdrawal, Disability	<ul style="list-style-type: none"> • CalPERS 1997-2002 Experience Study 				

ACTUARIAL ASSUMPTIONS

June 30, 2007 Valuation										
<ul style="list-style-type: none"> ■ Retirement 	<ul style="list-style-type: none"> • CalPERS 1997-2002 Experience Study <p align="right"><u>Miscellaneous</u></p> <p>Level: 2.7%@55</p> <p>Male Expected Retirement Age: 60.3</p> <p>Female Expected Retirement Age: 59.5</p>									
<ul style="list-style-type: none"> ■ Participation 	<ul style="list-style-type: none"> • Actives: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>Town Manager / Dept Heads</th> <th>Regular</th> </tr> </thead> <tbody> <tr> <td>Currently Covered</td> <td align="center">100%</td> <td align="center">90%</td> </tr> <tr> <td>Currently Waived</td> <td align="center">90%</td> <td align="center">80%</td> </tr> </tbody> </table> • Retirees: <ul style="list-style-type: none"> ➢ Retirees with coverage assumed to continue ➢ 20% of waived retirees assumed to re-elect coverage. 		Town Manager / Dept Heads	Regular	Currently Covered	100%	90%	Currently Waived	90%	80%
	Town Manager / Dept Heads	Regular								
Currently Covered	100%	90%								
Currently Waived	90%	80%								

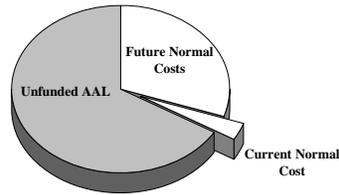
ACTUARIAL ASSUMPTIONS

June 30, 2007 Valuation	
<ul style="list-style-type: none"> ■ Medical Plan at Retirement 	<ul style="list-style-type: none"> • Currently covered: same as current active elections • Currently waived: weighted premium based on current active elections
<ul style="list-style-type: none"> ■ Medicare Eligible Rate 	<ul style="list-style-type: none"> • 100% • Everyone eligible for Medicare will elect Part B coverage
<ul style="list-style-type: none"> ■ Spousal Coverage at Retirement 	<ul style="list-style-type: none"> • Actives: 80% married • Retirees: current coverage level
<ul style="list-style-type: none"> ■ Dependents at Retirement 	<ul style="list-style-type: none"> • 10% have family coverage at retirement • No family coverage after age 60
<ul style="list-style-type: none"> ■ Spouse Age 	<ul style="list-style-type: none"> • Males 3 years older than females
<ul style="list-style-type: none"> ■ Future New Entrants 	<ul style="list-style-type: none"> • None – Closed group

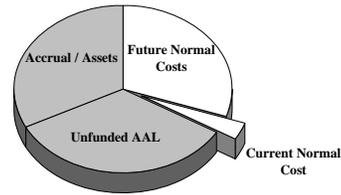
DEFINITIONS

Present Value of Projected Benefits (PVPB)

Without Assets



With Assets



- PVPB - Present Value of all Projected Benefits:
 - Discounted value, at measurement (valuation date – 6/30/2007), of all future expected benefit payments
 - Expected benefit payments based on various (actuarial) assumptions

DEFINITIONS

- AAL – Actuarial Accrued Liability / Actuarial Obligations:
 - Discounted value, at measurement (valuation date –6/30/2007), of benefits “earned” (based on actuarial cost method) through measurement
 - Portion of PVPB “earned” at measurement
- Normal Cost:
 - Value of benefits “earned” by active employees during current year
 - Portion of PVPB allocated to current year
- Pay-As-You-Go Cost:
 - Value of benefits being paid to retirees during 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

DEFINITIONS

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

ACTUARIAL METHODS

	June 30, 2007 Valuation
<ul style="list-style-type: none"> ■ Plan Assets 	<ul style="list-style-type: none"> ■ None
<ul style="list-style-type: none"> ■ Cost Method 	<ul style="list-style-type: none"> ■ Entry Age Normal (same as CalPERS)
<ul style="list-style-type: none"> ■ Amortization Period 	<ul style="list-style-type: none"> ■ 30 years ■ 20 years (for sensitivity analysis)
<ul style="list-style-type: none"> ■ Amortization Method 	<ul style="list-style-type: none"> ■ Level percent of payroll (same as CalPERS)
<ul style="list-style-type: none"> ■ Future New Entrants 	<ul style="list-style-type: none"> ■ None – Closed Group
<ul style="list-style-type: none"> ■ “Implied Subsidy” 	<ul style="list-style-type: none"> ■ Employer cost for allowing retirees to participate, irrespective of employer contribution. ■ Community rated plans not required to value implied subsidy. PEMHCA is, for most employers, a community rated plan.

SIMPLIFIED EXAMPLE - ACTIVE

(Assumes 0% Interest and Other Simplifying Assumptions)

If:	<u>Age</u>	<u>Service</u>	<u>PERSable Wages</u>
■ At Hire:	35	0	-
■ Current:	45	10	\$ 60,000
■ At Retirement:	60	25	-
Then:			
■ PVPB ₄₅	=		\$ 100,000
■ AAL ₄₅	=	(10/25) x 100,000 =	40,000
■ Assets	=		<u>0</u>
■ UAAL	=		40,000
■ NC _{45/46}	=	(1/25) x 100,000 =	4,000



SIMPLIFIED EXAMPLE - ACTIVE

Annual Required Contribution (ARC)

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

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



SIMPLIFIED EXAMPLE - RETIREE

(Assumes 0% Interest and Other Simplifying Assumptions)

If:	Age	Service	Annual Payment
■ At retirement:	60	25	-
■ Current Age:	62	25	\$ 4,000
Then:			
■ PVPB ₆₂	=		\$ 100,000
■ AAL ₆₂	=	(25/25) x 100,000 =	100,000
■ Assets	=		<u>0</u>
■ UAAL	=		100,000
■ NC _{62/63}	=	(0/25) x 100,000 =	0

SIMPLIFIED EXAMPLE - RETIREE

Annual Required Contribution (ARC)

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

Net OPEB Obligation (NOO)		PayGo Without Trust	Pre Funded 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

RESULTS

Actuarial Obligations

June 30, 2007

(000's Omitted)

	Discount Rate	
	4.25%	7.75%
■ Present Value of Benefits		
• Actives	\$ 3,201	\$ 1,521
• Retirees	1,047	735
• Total	4,248	2,256
■ Actuarial Accrued Liability		
• Actives	1,062	643
• Retirees	1,047	735
• Total	2,109	1,378
■ 2008/09 Normal Cost	239	132
■ Pay-Go Cost		
➢ 2007/08	61	61
➢ 2008/09	72	72



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RESULTS

2008/09 Annual Required Contribution (ARC)

Assumes 2008/09 Implementation

(000's Omitted)

	Discount Rate	
	4.25%	7.75%
■ ARC \$		
• Normal Cost	\$ 239	\$ 132
• UAAL Amortization ⁷	94	97
• Total	333	229
■ Projected Payroll 2008/09	1,523	1,523
■ ARC %		
• Normal Cost	15.7%	8.7%
• UAAL Amortization ⁷	6.2%	6.3%
• Total	21.9%	15.0%

⁷ Amortized as a level percent of payroll over 30 years.



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RESULTS

Discount Rate & Amortization Period Sensitivity Actuarial Obligations as of 6/30/2007 & 2008/09 ARC (000's Omitted)

■ Discount Rate	4.25%		7.75%	
	20 years	30 years	20 years	30 years
■ Amortization Period				
■ Present Value of Benefits	\$ 4,248	\$ 4,248	\$ 2,256	\$ 2,256
■ Funded Status				
• AAL	2,109	2,109	1,378	1,378
• Assets	-	-	-	-
• Unfunded AAL	2,109	2,109	1,378	1,378
■ 2008/09 ARC				
• Normal Cost	239	239	132	132
• UAAL Amortization ⁸	135	94	122	97
• ARC	374	333	254	229
• ARC as % of Proj. Payroll	24.6%	21.9%	16.7%	15.0%

⁸ Amortized as a level percent of payroll.



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RESULTS

Dollar Caps Increase Sensitivity Actuarial Obligations as of 6/30/2007 & 2008/09 ARC (000's Omitted)

■ Discount Rate	4.25%		7.75%	
	Health Care	CPI	Health Care	CPI
■ Cap Increases				
■ Present Value of Benefits	\$4,248	\$3,896	\$2,256	\$2,091
■ Funded Status				
• AAL	2,109	1,956	1,378	1,284
• Assets	-	-	-	-
• Unfunded AAL	2,109	1,956	1,378	1,284
■ 2008/09 ARC				
• Normal Cost	239	\$224	132	\$124
• UAAL Amortization ⁹	94	88	97	90
• ARC	333	312	229	214
• ARC as % of Proj. Payroll	21.9%	20.5%	15.0%	14.1%

⁹ Amortized as a level percent of payroll over 30 years.



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RESULTS

Benefit Payout / Annual OPEB Cost Illustration
No Pre-Funding – 4.25% Discount Rate – 30-Year Amortization
 (000's Omitted)

FYE June 30,	BOY Net OPEB Obligation	Benefit Payout	AOC	Payroll	Benefits as % of Payroll
2009	\$ -	\$ 72	\$ 333	\$ 1,523	4.7%
2010	261	87	352	1,572	5.5%
2011	526	102	375	1,624	6.3%
2012	799	119	398	1,676	7.1%
2013	1,078	139	421	1,731	8.0%
2014	1,360	157	446	1,787	8.8%
2015	1,649	171	470	1,845	9.3%
2016	1,948	180	496	1,905	9.4%
2017	2,264	186	523	1,967	9.5%
2018	2,601	188	551	2,031	9.3%



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RESULTS

Benefit Payout / Annual OPEB Cost Illustration
Full Pre-Funding – 7.75% Discount Rate – 30-Year Amortization
 (000's Omitted)

FYE June 30,	BOY Net OPEB Obligation	Contribution	AOC	Payroll	Contribution as % of Payroll
2009	\$ -	\$229	\$229	\$1,523	15.0%
2010	-	236	236	1,572	15.0%
2011	-	244	244	1,624	15.0%
2012	-	252	252	1,676	15.0%
2013	-	260	260	1,731	15.0%
2014	-	268	268	1,787	15.0%
2015	-	277	277	1,845	15.0%
2016	-	286	286	1,905	15.0%
2017	-	296	296	1,967	15.0%
2018	-	305	305	2,031	15.0%



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RESULTS

Estimated Net OPEB Obligation
(000's Omitted)

	No Pre-Funding 4.25%	Full Pre-Funding 7.75%
■ NOO 6/30/2008	\$ -	\$ -
• 2008/09 ARC ¹⁰	333	229
• Estimated Contribution	(73)	(229)
■ Estimated NOO 6/30/2009 ¹¹	260	-

¹⁰ The UAAL is amortized over 30 years.

¹¹ Actual NOO will depend on actual benefit payments for “No Pre-Funding” scenario.



RESULTS

■ **Phase In Pre-Funding**

- ARC is phased-in over 6 years

- Contribution formula:

<u>Year</u>	<u>5-Year Phase In</u>
2008/09	50% * ARC
2009/10	60% * ARC
2010/11	70% * ARC
↓	↓
2013/14	Full ARC

- Discount Rate: 7.75% for all years

- Amortization: UAAL and NOO are amortized on a closed 30-year period.



RESULTS

Phase In Pre-Funding Illustration 7.75% Discount Rate, 30-Year Amortization (000's Omitted)

FYE June 30,	Pay-As- You-Go Cost	5-Year Phase In ¹² Contribution	Full Pre- Funding ARC
2009	\$ 72	\$ 114	\$ 229
2010	87	145	236
2011	102	179	244
2012	119	215	252
2013	139	253	260
2014	157	291	268
2015	171	300	277
2016	180	309	286
2017	186	318	296
2018	188	327	305

¹² Phase in projections are for illustrative purposes only. If this method is chosen, then projection numbers need to be revised using select & ultimate discount rates.



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RESULTS

6 Year Phase-In from Benefit Payout to Full Pre-Funding Illustration 7.75% Discount Rate, 30-year Amortization (000's Omitted)

FYE June 30,	Beginning of Year Net OPEB Obligation	Phase-In Contribution ¹³	Annual OPEB Cost (AOC)	Payroll	Contribution % of Payroll
2009	\$ -	\$ 114	\$ 228	\$ 1,523	7.5%
2010	114	145	244	1,572	9.2%
2011	212	179	259	1,624	11.0%
2012	292	215	272	1,676	12.8%
2013	349	253	284	1,731	14.6%
2014	381	291	294	1,787	16.3%
2015	384	300	303	1,845	16.2%
2016	387	309	311	1,905	16.2%
2017	389	318	319	1,967	16.2%
2018	391	327	328	2,031	16.1%

¹³ Phase in projections are for illustrative purposes only. If this method is chosen, then projection numbers need to be revised using select & ultimate discount rates.



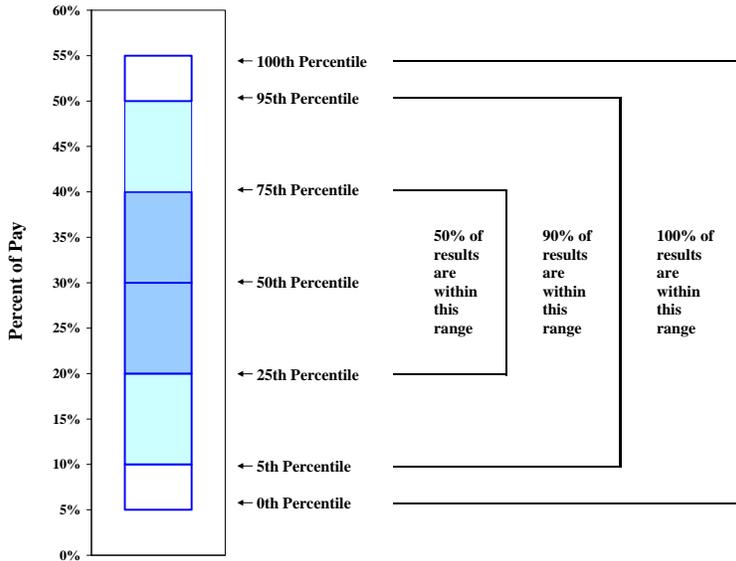
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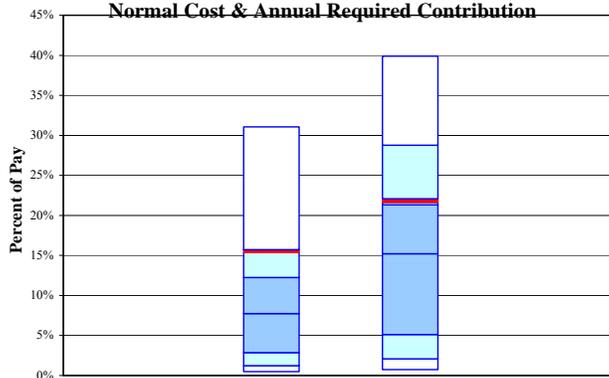
BARTEL ASSOCIATES GASB 45 DATABASE

GASB 45 Retiree Medical Benefits Comparison Sample Percentile Graph



BARTEL ASSOCIATES GASB 45 DATABASE

GASB 45 Retiree Medical Benefits Comparison Normal Cost & Annual Required Contribution



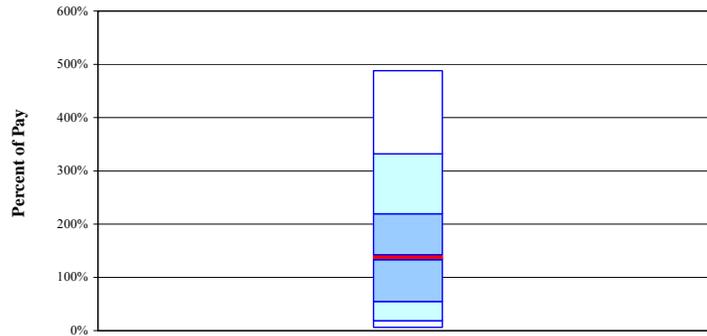
	<u>Miscellaneous</u>	
	NC	ARC
95th Percentile	15.7%	28.8%
75th Percentile	12.2%	21.3%
50th Percentile	7.7%	15.2%
25th Percentile	2.9%	5.1%
5th Percentile	1.2%	2.1%
Percent of Pay	15.7%	21.9%
Percentile	94%	79%

Discount Rate = 4.25%, Amortization Period = 30 Years



BARTEL ASSOCIATES GASB 45 DATABASE

GASB 45 Retiree Medical Benefits Comparison Actuarial Accrued Liability



Miscellaneous

95th Percentile	332%
75th Percentile	219%
50th Percentile	133%
25th Percentile	55%
5th Percentile	19%
Percent of Pay	138%
Percentile	53%

Discount Rate = 4.25%

OTHER ISSUES

- Ratio of Retirees to Actives:
 - Now: $10/24 = 42\%$
 - With 5 years: $16/24 = 67\%$

- State 100/90 Formula

- Vesting Schedule:

Service	Vesting
< 10	0%
10	50%
11	55%
↓	↓
≥ 20	100%

- 100% vested if Disability retirement
- 20 years with adopting Agency, then do not need to retire directly from Agency

