Glossary of Actuarial Terms

Accrued Liability *(also called Actuarial Accrued Liability or Entry Age Normal Accrued Liability)*
The total dollars needed as of the valuation date to fund all benefits earned in the past for *current* members.

Actuarial Assumptions
Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include such things as mortality, disability and retirement rates. Economic assumptions include discount rate, salary growth and inflation.

Actuarial Methods
Procedures employed by actuaries to achieve certain funding goals of a pension plan. Actuarial methods include funding method, setting the length of time to fund the Accrued Liability and determining the Value of Assets.

Actuarial Valuation
The determination, as of a valuation date, of the Normal Cost, Accrued liability, Actuarial Value of Assets and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change to their plan provisions.

Amortization Bases
Separate payment schedules for different portions of the Unfunded Liability. The total Unfunded Liability of a Risk Pool or non-pooled plan can be segregated by "cause," creating "bases" and each such base will be separately amortized and paid for over a specific period of time. However, all bases are amortized using investment and payroll assumptions from the current valuation. This can be likened to a home having a first mortgage of 24 years remaining payments and a second mortgage that has 10 years remaining payments. Each base or each mortgage note has its own terms (payment period, principal, etc.)

Generally, in an actuarial valuation, the separate bases consist of changes in unfunded liability due to contract amendments, actuarial assumption changes, actuarial methodology changes, and/or gains and losses. Payment periods are determined by Board policy and vary based on the cause of the change.

Amortization Period
The number of years required to pay off an Amortization Base.

Classic Member (under PEPRA)
A classic member is a member who joined CalPERS prior to January, 1, 2013 and who is not defined as a new member under PEPRA. (See definition of new member below)

Discount Rate Assumption
The actuarial assumption that was called "investment return" in earlier CalPERS reports or "actuarial interest rate" in Section 20014 of the California Public Employees' Retirement Law (PERL).

Entry Age
The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan. In most cases, this is the age of the member on their date of hire.

Entry Age Normal Cost Method
An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to yield a rate expressed as a level percentage of payroll.
(The assumed retirement age less the entry age is the amount of time required to fund a member's total benefit. Generally, the older a member on the date of hire, the greater the entry age normal cost. This is mainly because there is less time to earn investment income to fund the future benefits.)

Fresh Start
A Fresh Start is when multiple amortization bases are collapsed to one base and amortized together over a new funding period.

Funded Status
A measure of how well funded, or how "on track" a plan or risk pool is with respect to assets versus accrued liabilities. A ratio greater than 100% means the plan or risk pool has more assets than liabilities and a ratio less than 100% means liabilities are greater than assets.

GASB 27
Statement No. 27 of the Governmental Accounting Standards Board. The prior accounting standard governing a state or local governmental employer's accounting for pensions.

GASB 68
Statement No. 68 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions. GASB 68 replaces GASB 27 effective the first fiscal year beginning after June 15, 2014.

New Member (under PEPRA)
A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

Normal Cost
The annual cost of service accrual for the upcoming fiscal year for active employees. The normal cost should be viewed as the long term contribution rate.

Pension Actuary
A business professional that is authorized by the Society of Actuaries, and the American Academy of Actuaries to perform the calculations necessary to properly fund a pension plan.

PEPRA
The California Public Employees' Pension Reform Act of 2013

Prepayment Contribution
A payment made by the employer to reduce or eliminate the year's required employer contribution.

Present Value of Benefits (PVB)
The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for *current* members.

Rolling Amortization Period
An amortization period that remains the same each year, rather than declining.

Superfunded
A condition existing when a plan's Actuarial Value of Assets exceeds its Present Value of Benefits. Prior to the passage of PEPRA, when this condition existed on a given valuation date for a given plan, employee contributions for the rate year covered by that valuation could be waived.

Unfunded Liability (UAL)
When a plan or pool's Value of Assets is less than its Accrued Liability, the difference is the plan or pool's Unfunded Liability. If the Unfunded Liability is positive, the plan or pool will have to pay contributions exceeding the Normal Cost.

Attachment 4

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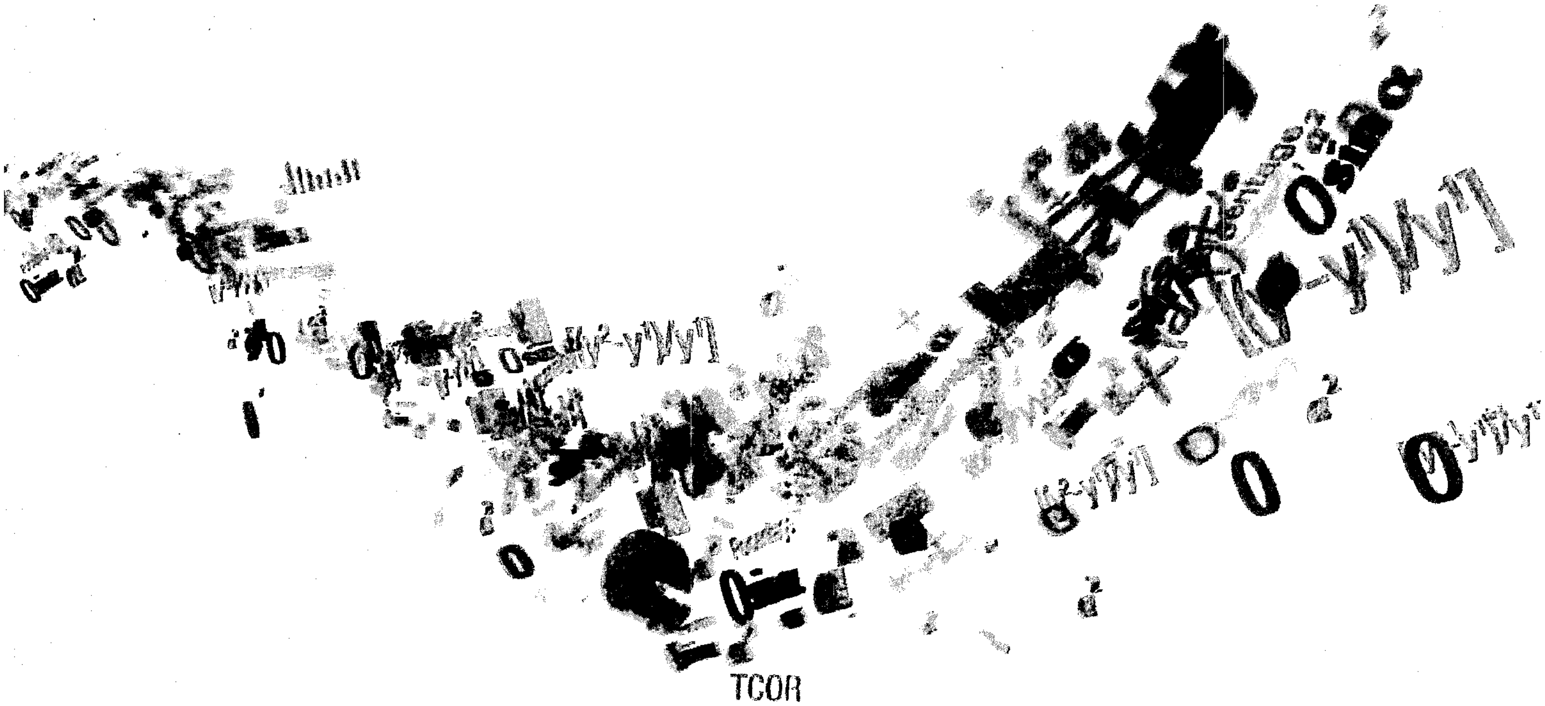

Actuarial Valuation Report

County of Riverside

County of Riverside Postretirement Benefits Plan

As of July 1, 2015

Risk. Reinsurance. Human Resources.

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Executive Summary

Background

The County of Riverside provides retiree medical benefits for eligible retirees enrolled in County sponsored plans. The benefits are provided in the form of:

- Monthly County contributions toward the retiree's premium,
- Access to CalPERS health plan coverage at subsidized premium levels, and
- $25 per month to the RSA Trust for RSA law enforcement retirees.

County Contributions

The County of Riverside makes contributions to eligible retirees for their medical plan premiums when the retiree enrolls in a County sponsored health plan. The current monthly amount paid by the County ranges from $25 – $256, depending on the retiree's bargaining unit at retirement. The County provided amounts are detailed in Exhibit VIII and summarized as follows:

- **CalPERS Health Benefits program retirees** (Law Enforcement Management, Deputy District Attorneys Association (Deputy DAs), and RSA Public Safety members) are eligible for the greater of the stated Public Employees' Medical and Hospital Care Act (PEMHCA) amounts and the bargaining unit's negotiated amount. The PEMHCA monthly amounts are $122.00 and $125.00 in 2015 and 2016, respectively, and increase annually thereafter by Medical CPI. These are the only groups that have inflation-indexed benefits.
- **All other retirees** are eligible for their bargaining unit negotiated amount (i.e. $25 – $256). These amounts do not increase in future years to account for inflation.

  Note: The County contributes $25.00 per month to the RSA Benefit Trust for RSA Law Enforcement retirees, and this cost is included in Plan liabilities.

As described above, the majority of participants are eligible to receive benefits that are fixed at current levels. Retirees receiving the PEMHCA benefits are eligible for inflation-indexed benefits. The long term benefit under PEMHCA could be more than 10 times greater than certain fixed benefit amounts in 20 years, as illustrated in Appendix A.

Implicit Subsidy

Under CalPERS health plans, retirees receive benefits prior to age 65 by paying premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more than actives, the premium paid by the retiree is less than the "true cost" of coverage for retirees. For example, under the Blue Shield Net Value, the estimated "true cost" for an age 60 retiree is $952.88 per month, while the required premium is only $666.35 per month in 2016. Subsidization can also occur for post 65 benefits due to demographic differences between the County retirees and the CalPERS population used to develop premiums. This implicit subsidy is considered an employer obligation under the Actuarial Standards Of Practice (ASOP) No. 6 requirements (see below) and is included in this valuation.

Executive Summary (cont.)

GASB 45

The liabilities and annual costs due to the County's contractual agreements to assist with retiree health care costs are calculated in this actuarial valuation in accordance with Government Accounting Standards Board (GASB) Statement 45. The County adopted GASB 45 for the fiscal year ending June 30, 2008. This report assumes the County will continue to fully pre-fund the County obligations.

It is important to note that only current active and retired participants are valued in this actuarial study. Future new entrants or any projected growth in the County's employee population are not considered.

ARC Development

GASB requires an Annual Required Contribution (ARC) to be developed each year based on the Plan's assets and liabilities. Although GASB does not actually require prefunding, the portion of the ARC that is not funded each year accumulates as a liability on the County's financial statements.

The County amortizes the unfunded liability over an open 30-year period as a level percentage of payroll. It should be noted that pre-funding with an open amortization period is not necessarily expected to fully fund the actuarial accrued liability.

ASOP 6

The Actuarial Standards Board amended Actuarial Standards of Practice (ASOP) No. 6 – Measuring Retiree Group Benefit Obligations, effective for measurement dates after March 31, 2015. This amendment requires plans to recognize certain additional healthcare costs (i.e. implicit subsidy) for pooled health plans. Since CalPERS plans are considered pooled health plans, the implicit subsidy is reflected beginning with this actuarial valuation.

Future GASB Developments

In June 2015, GASB released Statements 74 and 75, which affect accounting for OPEB plans. The changes include moving unfunded liabilities from footnotes to the balance sheet, the potential for more volatile periodic expense, and a change in the discount rate basis. In order to prepare and effectively manage plans, it is important for agencies to consider and understand the possible ramifications.

Executive Summary (cont.)

Summary of Results

Annual Required Contributions (ARC)

The ARC for fiscal year ending 2016 is $1,077,000 and is based on an open period, 30-year amortization of the unfunded Actuarial Accrued Liability (AAL).

As the ARC amount is determined based on a level percent of payroll, it is expected to increase as payroll increases. The following table illustrates the projected ARC in future years:

	2015-2016	2016-2017	2017-2018*
ARC for Safety	$531,000	$513,000	$463,000
ARC for Miscellaneous	$546,000	$481,000	$433,000
Total ARC	**$1,077,000**	**$994,000**	**$896,000**

* GASB 45 calculations do not apply and GASB 75 anticipated to be adopted for fiscal year ending 6/30/2018 and later. ARC shown above is projected actuarially determined contribution based on GASB 45 ARC methodology.

It should be noted that the ARC is less than the estimated pay-as-you go contribution for current retirees of $2,525,000. Thus, the ARC can currently be satisfied through pay-as-you go funding.

Annual OPEB Cost (AOC)

The AOC for the fiscal year ending June 30, 2016 is $649,000. This is the County's annual expense for its OPEB plan.

Liabilities

There are a few terms to understand related to the Plan's liabilities. The Present Value of Benefits (PVB) represents the actuarial present value of all future benefits expected to be paid to current employees and retirees. The Actuarial Accrued Liability (AAL) is the portion of the PVB attributable to past service. The Normal Cost is the portion of the PVB that is allocated to the current plan year for active employees.

The table below summarizes the liability results:

Present Value of Benefits (PVB)	$46,237,000
Actuarial Accrued Liability (AAL)	$41,249,000
Normal Cost	$658,000

Executive Summary (cont.)

Comparison to Prior Valuation Results

This report is based on a 7.28% discount rate, which assumes the County fully pre-funds in the California Employers' Retiree Benefit Trust (CERBT) Fund Asset Allocation Strategy 1 on an ongoing basis. The following table compares results to the prior valuation results:

	July 1, 2015	July 1, 2014
Liabilities		
Present Value of Benefits (PVB)	$46,237,000	$47,088,000
Actuarial Accrued Liability (AAL)	$41,249,000	$40,121,000
Normal Cost	$658,000	$960,000
Plan Assets	$34,486,000	$34,098,000
Unfunded AAL	$6,763,000	$6,023,000
ARC	$1,077,000	$1,346,000

Unfunded liabilities increased due to unfavorable investment return on plan assets, which was partially offset by lower liabilities than projected as a net result of the following:

- Recognition of an implicit subsidy, as required under Actuarial Standards of Practice No. 6. This subsidy was not previously valued for "community rated" plans such as CalPERS and increases the liability.
- Reductions in assumed plan participation (i.e., election) rates were updated to reflect more recent experience and a continued trend to a lower rate, which resulted in a decrease in liabilities. This only impacts active participants.
- Census experience was different than assumed, resulting in an actuarial gain.
- The liabilities, by their nature, grow each year as all participants get closer to receiving benefits and active participants accrue additional benefits.

Despite the larger unfunded AAL, the ARC decreased due to a lower normal cost that is a result of the changes in the liabilities as discussed above.

It should be noted that employee groups from Special Districts (Waste, Parks, Flood and RCA) and active Court members were not included in the valuation results presented in this report.

Executive Summary (cont.)

Effect of Asset Allocation Strategy Selection and the Discount Rate Impact

Beginning in 2011, CalPERS offers three asset allocation strategies for selection by employers who contract to pre-fund their future OPEB costs through CERBT.

The asset allocation and associated expected asset return, and thus the assumed discount rate, have a considerable impact on valuation results and the magnitude of liabilities. CalPERS periodically reviews the expected asset returns and the rates used in this valuation are based on CalPERS revised guidance adopted in October 2014. The following table summarizes financial characteristics of the three strategies:

	Strategy 1	Strategy 2	Strategy 3
Expected 20 Year Return / Discount Rate	7.28%	6.73%	6.12%
Standard Deviation of Expected Returns	11.74%	9.32%	7.14%

All three asset allocation strategies invest to some extent in each of the five asset classes (Global Equity, U.S. Nominal Bonds, U.S. Inflation Linked Bonds, Global Public Real Estate and Commodities). The portion of assets allocated to each asset class varies among the strategies, and thus, the long term expected rate of return and level of risk of each asset allocation is different for each strategy.

Currently, the County utilizes Strategy 1, although it should continue to monitor the return versus risk balance and maintain an asset allocation strategy appropriate for the County's funding and overall financial policies.

In order to understand the impact of strategy selection, we compared valuation results under Strategy 1 to potential results if the County had chosen Strategy 2:

	Asset Allocation Strategy 1 7.28%	Asset Allocation Strategy 2 6.73%
Liabilities		
Present Value of Benefits (PVB)	$46,237,000	$49,898,000
Actuarial Accrued Liability (AAL)	$41,249,000	$44,021,000
Normal Cost	$658,000	$746,000
ARC	$1,077,000	$1,297,000

The remainder of the report provides details of results based on the 7.28% discount rate.

Table of Contents

I Actuarial Valuation Certificate

This report documents the results of the July 1, 2015 actuarial valuation for the County of Riverside Post-retirement Medical Benefits for development of the Annual Required Contribution (ARC) and disclosure of items under the Governmental Accounting Standards Board (GASB) Statement 45.

Determinations for purposes other than financial accounting may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to (but not limited to) such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions
- Changes in economic or demographic assumptions
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements
- Changes in plan provisions or applicable law
- Issuance of additional regulatory guidance

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, health care claim cost, and asset information supplied by the County of Riverside and its health plans as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. Each significant assumption used in this actuarial valuation represents, in our opinion, a reasonable expectation of anticipated experience under the plan.

Actuarial computations under GASB 45 are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations for purposes other than meeting Employer financial accounting requirements may be different from these results. As required by GASB 45, this valuation assumes this will be an ongoing plan. However, this assumption does not imply any obligation by the employer to continue the plan.

Funded status measurements shown in this report may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and funded status measurements for the employer and plan disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions.

I Actuarial Valuation Certificate (cont.)

This report is intended for the sole use of the County of Riverside. It is intended only to supply information for the County to comply with the stated purpose of the report and may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other than the intended purposes, puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including the County of Riverside should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Aon Hewitt.

The undersigned are familiar with the near-term and long-term aspects of postretirement valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon Hewitt providing services to the County of Riverside has any material direct or indirect financial interest in the County of Riverside. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for the County of Riverside.

Respectfully submitted,

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February 5, 2016

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II Plan Liabilities

The liabilities shown in this exhibit were calculated using a 7.28% discount rate.

The **Present Value of Benefits (PVB)** represents the actuarial present value of all benefits ever to be paid to current employees and retirees. The PVB is as follows:

	Safety Employees	Miscellaneous Employees	Total
PVB			
County Contribution			
Retirees	$10,661,000	$14,364,000	$25,025,000
Actives	$5,456,000	$6,931,000	$12,387,000
Subtotal	$16,117,000	$21,295,000	$37,412,000
Implicit Subsidy			
Retirees	$4,565,000	$299,000	$4,864,000
Actives	$3,297,000	$664,000	$3,961,000
Subtotal	$7,862,000	$963,000	$8,825,000
All Benefits			
Retirees	$15,226,000	$14,663,000	$29,889,000
Actives	$8,753,000	$7,595,000	$16,348,000
Total PVB	**$23,979,000**	**$22,258,000**	**$46,237,000**
Number of Retirees as of 7/1/2015	700	1,356	2,056
Number of Actives as of 7/1/2015	3,752	15,366	19,118
PVB Per Retiree	$21,800	$10,800	$14,500
PVB Per Active	$2,300	$500	$900

II Plan Liabilities (cont.)

The **Actuarial Accrued Liability (AAL)** is a portion of the PVB attributable to past service. For retirees and fully eligible active employees, the AAL is equal to the PVB. For other active employees, the AAL is the portion of the PVB deemed to be accrued to date. The **Normal Cost** is the portion of the PVB that is allocated to the current plan year for only active employees.

The AAL in this report is based on the Entry Age Normal cost method and has been developed by spreading costs as a level percentage of payroll.

	Safety Employees	Miscellaneous Employees	Total
AAL			
County Contribution			
Retirees	$10,661,000	$14,364,000	$25,025,000
Actives	$3,698,000	$4,867,000	$8,565,000
Subtotal	$14,359,000	$19,231,000	$33,590,000
Implicit Subsidy			
Retirees	$4,565,000	$299,000	$4,864,000
Actives	$2,387,000	$408,000	$2,795,000
Subtotal	$6,952,000	$707,000	$7,659,000
All Benefits			
Retirees	$15,226,000	$14,663,000	$29,889,000
Actives	$6,085,000	$5,275,000	$11,360,000
Total AAL	**$21,311,000**	**$19,938,000**	**$41,249,000**
Number of Retirees as of 7/1/2015	700	1,356	2,056
Number of Actives as of 7/1/2015	3,752	15,366	19,118
AAL Per Retiree	$15,200	$10,600	$12,200
AAL Per Active	$1,000	$300	$400
Normal Cost			
County Contribution	$211,000	$315,000	$526,000
Implicit Subsidy	$104,000	$28,000	$132,000
Total Normal Cost	**$315,000**	**$343,000**	**$658,000**
Normal Cost per Active	$84	$22	$34

III Plan Assets

The County of Riverside participates in CalPERS' CERBT trust fund. The following table shows the development of assets since the prior valuation.

Assets	July 1, 2014 To June 30, 2015
Assets, Beginning of Year	$34,098,000
Contributions	
Retiree Premiums	$2,171,000
Reimbursement from CERBT	($2,026,000)
Implicit Subsidy	N/A
Pre-Funding	$2,534,000
Total	$2,679,000
Investment Earnings	($86,000)
Administrative Expenses	($34,000)
Benefit Payments	($2,171,000)
Assets at Valuation Date	$34,486,000
Return on Assets	(0.3%)

For the fiscal year ending June 30, 2015, the County contributed 350% of their $1,346,000 ARC and took a disbursement of $2,026,000 from the CERBT trust fund. The assets shown as of June 30, 2015 are based on the CERBT annual statement.

The actual return on assets can be compared to the prior year's expected return of 7.28%.

IV Annual Costs

Development of the Annual Required Contribution (ARC)

The ARC amounts shown on this page represent the costs of post-retirement medical benefits to the County under GASB 45 for the fiscal year ending June 30, 2016. This is *not* the same as the "pay-as-you-go" plan cost.

The ARC amounts shown assume payments are made on average in the middle of the year.

The Entry Age Normal method is used to develop the County's OPEB costs. Under this method, the ARC is equal to the Normal Cost plus the amortization of the unfunded AAL over 30 years.

The assets shown below have been allocated in proportion to the AAL for Safety and Miscellaneous groups.

	Safety	Miscellaneous	Total
AAL	$21,311,000	$19,938,000	$41,249,000
Assets	$17,817,000	$16,669,000	$34,486,000
Unfunded AAL	$3,494,000	$3,269,000	$6,763,000
Amortization of UAL	$205,000	$191,000	$396,000
Normal Cost, plus interest	$326,000	$355,000	$681,000
ARC	**$531,000**	**$546,000**	**$1,077,000**

Development of the Annual OPEB Cost (AOC)

The AOC is the accrual basis measure of periodic cost recognized by the County, as developed below for the fiscal year ending June 30, 2016:

Net OPEB Obligation / (Asset), Beginning of Year	($29,905,000)
Annual Required Contribution	$1,077,000
Interest on Net OPEB Obligation / (Asset)	($2,177,000)
Adjustment to the ARC (amortization factor of 17.1)	$1,749,000
Annual OPEB Cost (AOC)	$649,000

V Projected Benefit Payments

The following table shows the estimated projected net County benefit payments based on the current plan provisions, current plan participants, and the valuation assumptions used in this report. The payments would be equivalent to funding the liabilities on a pay-as-you-go basis.

Fiscal Year Ending June 30	Safety	Miscellaneous	Total
2016	$1,053,000	$1,472,000	$2,525,000
2017	$1,131,000	$1,519,000	$2,650,000
2018	$1,223,000	$1,543,000	$2,766,000
2019	$1,202,000	$1,577,000	$2,779,000
2020	$1,289,000	$1,609,000	$2,898,000
2021	$1,334,000	$1,613,000	$2,947,000
2022	$1,384,000	$1,640,000	$3,024,000
2023	$1,403,000	$1,674,000	$3,077,000
2024	$1,464,000	$1,692,000	$3,156,000
2025	$1,493,000	$1,712,000	$3,205,000
2026	$1,527,000	$1,735,000	$3,262,000
2027	$1,653,000	$1,755,000	$3,408,000
2028	$1,743,000	$1,766,000	$3,509,000
2029	$1,818,000	$1,784,000	$3,602,000
2030	$1,930,000	$1,784,000	$3,714,000
2031	$2,029,000	$1,797,000	$3,826,000
2032	$2,087,000	$1,815,000	$3,902,000
2033	$2,181,000	$1,817,000	$3,998,000
2034	$2,246,000	$1,815,000	$4,061,000
2035	$2,319,000	$1,812,000	$4,131,000
2036	$2,405,000	$1,805,000	$4,210,000
2037	$2,470,000	$1,797,000	$4,267,000
2038	$2,536,000	$1,774,000	$4,310,000
2039	$2,566,000	$1,768,000	$4,334,000
2040	$2,615,000	$1,745,000	$4,360,000
2041	$2,644,000	$1,708,000	$4,352,000
2042	$2,641,000	$1,671,000	$4,312,000
2043	$2,676,000	$1,594,000	$4,270,000
2044	$2,694,000	$1,542,000	$4,236,000
2045	$2,690,000	$1,459,000	$4,149,000
2046	$2,706,000	$1,374,000	$4,080,000
2047	$2,706,000	$1,295,000	$4,001,000

Projected benefit payments include the implicit subsidy for all years (excluding the implicit subsidy, the FYE 2016 projected benefit payments are $695,000 for Safety and $1,440,000 for Miscellaneous).

VI GASB Reporting and Disclosure Information

GASB 45 requires certain items to be disclosed in the footnotes to the County's financial statements, including the following:

- Plan description - Name of plan and identification of the entity that administers plan, brief description of the types of benefits
- Funding policy - Required contribution rates of plan members, required contribution rates of employer

In addition, the tables below show required supplementary information to be shown with three years of historical information in the County's financial statements.

Sample information is shown based on the County's adoption of GASB 45 for fiscal year ended June 30, 2008, and the election to use entry age normal cost method with unfunded liability amortized over an open 30 year period. Contributions for the 2014-2015 fiscal year included County Contributions for current retirees of $2.17 million less a re-imbursement of $2.03 million from CERBT, plus a $2.53 million pre-funding contribution to the CalPERS trust.

Development of Net OPEB Obligation (NOO) and Annual OPEB Cost (in thousands)

Fiscal Year	Annual Required Contributions	Actual Contribution	NOO End of Year	Interest on Net OPEB Obligation	Adjustment to the Annual Required Contribution	Annual OPEB Cost	Interest Rate	Amortization Factor
07/08	$ 4,390	$ 14,930	$ (10,540)	$ 0	$ 0	$4,390	7.24%	17.6
08/09	$ 3,918	$ 7,105	$ (13,890)	$ (763)	$ (600)	$3,755	7.24%	17.6
09/10	$ 4,454	$ 10,725	$ (20,377)	$ (1,006)	$ (790)	$4,238	7.24%	17.6
10/11	$ 3,368	$ 5,091	$ (22,456)	$ (1,579)	$ (1,223)	$3,012	7.75%	16.7
11/12	$ 2,499	$ 4,895	$ (25,232)	$ (1,709)	$ (1,329)	$2,119	7.61%	16.7
12/13	$ 2,615	$ 3,461	$ (25,575)	$ (1,920)	$ (1,577)	$2,272	7.61%	16.0
13/14	$ 2,343	$ 4,567	$ (28,168)	$ (1,882)	$ (1,513)	$1,974	7.36%	16.9
14/15	$ 1,346	$ 2,679	$ (29,905)	$ (2,051)	$ (1,647)	$942	7.28%	17.1

Schedule of Funding Progress (in thousands)

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate
Actual	1/1/2007	$ 0	$ 48,582	$ 48,582	0.0%	$838,007	5.80%	7.24 -7.75%
Actual	1/1/2008	$ 10,411	$ 46,681	$ 36,270	22.3%	985,494	3.68%	7.24 -7.75%
Actual	1/1/2009	$ 9,872	$ 55,288	$ 45,416	17.9%	1,011,96	4.49%	7.24 -7.75%
Actual	7/1/2010	$ 14,272	$ 43,158	$ 28,886	33.1%	1,030,030	2.80%	7.75%
Actual	7/1/2011	$ 19,460	$ 40,166	$ 20,706	48.4%	1,012,698	2.04%	7.61%
Actual	7/1/2012	$ 22,572	$ 42,850	$ 20,278	52.7%	1,026,755	1.97%	7.61%
Actual	7/1/2013	$ 26,764	$ 43,829	$ 17,065	61.0%	1,096,375	1.56%	7.36%
Actual	7/1/2014	$ 34,098	$ 40,121	$ 6,023	85.0%	1,152,127	0.52%	7.28%
Actual	7/1/2015	$ 34,486	$ 41,249	$ 6,763	83.6%	1,281,024	0.53%	7.28%

VI GASB Reporting and Disclosure Information (cont.)

Schedule of Employer Contributions (in thousands)

Fiscal Year Ending:	Annual OPEB Costs	Actual Contribution	Percentage Contribution	Net OPEB Obligation (Asset)
6/30/2008	$ 4,390	$ 14,930	340%	$ (10,540)
6/30/2009	$ 3,755	$ 7,105	189%	$ (13,890)
6/30/2010	$ 4,238	$ 10,725	253%	$ (20,377)
6/30/2011	$ 3,012	$ 5,091	169%	$ (22,456)
6/30/2012	$ 2,119	$ 4,895	231%	$ (25,232)
6/30/2013	$ 2,272	$ 3,461	152%	$ (25,575)
6/30/2014	$ 1,974	$ 4,567	231%	$ (28,168)
6/30/2015	$ 942	$ 2,679	284%	$ (29,905)

VII Participant Information

These table summaries below contain participant demographic information.

Active Employee Age/Service Distribution

	Years of Service								
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**>35**	**Total**
<25	550	10							560
25-29	1,513	490	17						2,020
30-34	1,215	1,261	323	10					2,809
35-39	780	1,032	756	235	4				2,807
40-44	560	837	699	578	113	9			2,796
45-49	454	608	551	523	248	173	2		2,559
50-54	380	494	536	360	246	263	68	7	2,354
55-59	270	387	403	316	187	223	76	23	1,885
60-64	123	229	262	187	100	74	38	12	1,025
>65	30	72	94	52	25	20	5	5	303
Total	5,875	5,420	3,641	2,261	923	762	189	47	19,118

Participant Statistics

	Safety Employees	**Miscellaneous Employees**	**Total**
Retirees			
Number of retirees	700	1,356	2,056
Average age	62.7	71.4	68.6
Number of retiree spouses	342	309	651
Actives			
Number of actives	3,752	15,366	19,118
Average age	39.0	44.0	43.0
Average past service (years)	10.5	9.7	9.9

VII Participant Information (cont.)

Active Participant Benefit Summary

The table below summarizes the number of participants by bargaining units and the benefits valued. As described in the plan summary and actuarial assumptions sections, certain groups are eligible for PEMHCA benefits not shown in this summary.

Union Code	Description	Bargaining Unit (used to determine contribution)	# Records	2015 Monthly County Contribution	Health Plan	CalPERS Retirement Program
CNF	Confidential	Confidential	257	$ 256.00	County	Misc
LEM	Law Enforcement Management	LEMU	471	$ 128.00	CalPERS	Safety
MGT	Management (General)	Management	814	$ 256.00	County	Misc
MLX	Law Enforcement Exec Staff	LE Exec Staff	17	$ 256.00	County	Safety
PD7	Public Defender, Prosecution (District Attorney's)	DDAA	382	$ 256.00	CalPERS	Misc
RSA	RSA Law Enforcement	RSA	2,649	$ 25.00	RSA	Safety
RSP	RSA Public Safety	RSA Public Safety	615	$ 122.00	CalPERS	Safety
SE2	SEIU Professional	SEIU	2,861	$ 25.00	County	Misc
SE8	SEIU Registered Nurses	SEIU	1,058	$ 25.00	County	Misc
SE9	SEIU Para Professional	SEIU	930	$ 25.00	County	Misc
SES	SEIU Supervisory	SEIU	1,451	$ 25.00	County	Misc
UNC	Unrepresented Confidential	Confidential	198	$ 256.00	County	Misc
UP4	LIUNA Inspection and Technical	LIUNA	1,328	$ 25.00	County	Misc
UP5	LIUNA Trades, Crafts and Labor	LIUNA	944	$ 25.00	County	Misc
UP6	LIUNA Supporting Services	LIUNA	5,143	$ 25.00	County	Misc
		County Total	19,118			

* Law Enforcement Management (LEMU), Prosecution (Deputy DAs), and RSA Public Safety members are eligible to receive the greater of the PEMHCA amount or the bargained amount. Currently, LEMU and DDAA are above the PEMHCA amount and RSA Public Safety is at the PEMHCA amount.

Special District (Waste, Parks, Flood and RCA) employees are not included in this valuation.

VII Participant Information (cont.)

Retired Participant Benefit Summary

The table below summarizes the number of current retirees receiving various monthly County contribution amounts:

Age	$25.00	$122.00	$128.00	$256.00	Total
<40	4		1		5
40-44	4				4
45-49	8	1			9
50-54	65	8	29	5	107
55-59	96	18	52	38	204
60-64	205	15	62	101	383
65-69	292	37	127	98	554
70-74	236	15	81	28	360
75-79	131	4	39	5	179
80-84	101	2	24	3	130
85-89	48	1	25		74
90-94	27		7		34
>95	11		2		13
Total	1,228	101	449	278	2,056

VIII Summary of Principal Plan Provisions

The following plan provisions are the basis for the calculations in this actuarial valuation.

1. **Benefit Eligibility**

   All employees who retire from active employment within 120 days of separation are eligible for participation. Participants are eligible for service retirement at or after age 50, or disability retirement at an age younger than 50, with at least 5 years of service. Former employees who become eligible for CalPERS pension benefits more than 120 days after separation are not eligible for retiree health benefits.

2. **Benefits / Plans Covered**

   The County contributes a portion of an eligible retiree's medical plan premium under a County sponsored health plan (either at retirement or during a subsequent annual enrollment) for the retiree's lifetime. Contributions are based on the employee's bargaining unit at the time of retirement; as follows:

Bargaining Unit at Retirement	***Monthly Contribution***				
	2012	**2013**	**2014**	**2015**	**2016**
Confidential**	$256.00	$256.00	$256.00	$256.00	$256.00
LEMU (Management)*	$128.00	$128.00	$128.00	$128.00	$128.00
MLX (Executive Staff)**	$256.00	$256.00	$256.00	$256.00	$256.00
LIUNA	$25.00	$25.00	$25.00	$25.00	$25.00
Management**	$256.00	$256.00	$256.00	$256.00	$256.00
District Attorneys (DDAA)*	$112.00	$256.00	$256.00	$256.00	$256.00
RSA Law Enforcement	$25.00	$25.00	$25.00	$25.00	$25.00
RSA Public Safety*	$112.00	$115.00	$119.00	$122.00	$125.00
SEIU	$25.00	$25.00	$25.00	$25.00	$25.00
Unrepresented**	$256.00	$256.00	$256.00	$256.00	$256.00

* Law Enforcement Management (LEMU), Prosecution (Deputy DAs), and RSA Public Safety members are eligible to receive the greater of the PEMHCA amount or the bargained amount. Currently, LEMU and Prosecution (Deputy DAs) are above the PEMHCA amount and RSA Public Safety is at the PEMHCA amount.

** Confidential, MLX (Executive Staff), Management and Unrepresented retired before 11/1/2005 receive a monthly contribution of $128 and after 11/1/2005 receive a monthly contribution of $256.

Future PEMHCA amounts increase at the same rate as Medical CPI. See Appendix A for a projection of the monthly PEMHCA contribution amounts.

RSA – The County contributes $25.00 per month to the RSA Benefit Trust for RSA Law Enforcement retirees. Although the Trust is responsible for providing a benefit with a much larger premium, the County is responsible for the $25.00 monthly contribution and this benefit is included in Plan liabilities.

Implicit Subsidy – Under CalPERS plans, retirees can receive coverage at premium rates that are subsidized due to demographic differences between those receiving benefits and the population used to develop premiums (e.g. blended active and retiree premiums.)

VIII Summary of Principal Plan Provisions (cont.)

3. Survivor Coverage Benefits

Upon the death of the retiree, the eligible surviving spouse receives the same monthly benefit amount for their lifetime.

IX Actuarial Assumptions

1. Actuarial Cost Method

The costs shown in the report were developed using the Entry Age Normal cost method.

The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date (assuming the plan existed on the employee's hire date) to the expected retirement date. Under the EAN cost method, the plan's normal cost is developed as a level percentage of pay spread over the participants' working lifetime. For this purpose, pay is assumed to increase 3% per annum. The AAL is the cumulative value, on the valuation date, of prior service costs. For retirees, the AAL is the present value of all projected benefits.

ARC Amortization

The ARC under this method equals the normal cost plus the amortization of the unfunded AAL based on the following:

- 30-year amortization period
- Level percentage of future payroll amounts

The Plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover and other demographic events, which are assumed to hold for many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true Plan costs.

2. Discount Rate

7.28% - This assumes that the County will continue to pre-fund the liabilities in the CERBT Asset Allocation Strategy 1. The 7.28% return is based on a real return assumption of 4.66%, a long term expected inflation rate of 2.75%, and investment and administrative fees of 0.13%.

3. Payroll Increases

3.00% - This is the annual rate at which total payroll is expected to increase and is used in the funding method to calculate the ARC as a level percent of payroll.

4. Inflation

2.75% - This is the assumed annual rate of inflation for future years.

IX Actuarial Assumptions (cont.)

For demographic assumptions:

- Public Agency Police consists of Law Enforcement Management and Law Enforcement Executive Staff;
- Public Agency County Peace Officer consists of RSA Law Enforcement and RSA Public Safety, and;
- Miscellaneous consists of all other bargaining units.

5. Mortality

Mortality rates are based on the most recent CalPERS mortality table developed in the 1997-2011 CalPERS Experience Study, with generational future improvements using scale MP-2014. Sample rates for the base year mortality are as follows:

	Public Agency Police		Public Agency County Peace Officer		Miscellaneous	
Age	Male	Female	Male	Female	Male	Female
30	0.06%	0.04%	0.06%	0.04%	0.05%	0.03%
40	0.09%	0.07%	0.09%	0.07%	0.08%	0.05%
50	0.18%	0.12%	0.18%	0.12%	0.16%	0.11%
60	0.37%	0.24%	0.37%	0.24%	0.35%	0.22%
70	1.77%	1.26%	1.77%	1.26%	1.77%	1.26%
80	5.28%	3.69%	5.28%	3.69%	5.28%	3.69%
90	16.19%	12.33%	16.19%	12.33%	16.19%	12.33%

6. Turnover

Turnover rates developed in the 1997-2011 CalPERS Experience Study were used in the valuation. The following sample rates are based on age and service:

Public Agency Police

Hire	Years of Service						
Age	0 – 1	5	10	15	20	25	30
30	10.13%	2.49%	1.79%	1.09%	0.00%	0.00%	0.00%
35	10.13%	2.49%	1.79%	1.09%	0.82%	0.00%	0.00%
40	10.13%	2.49%	1.79%	1.09%	0.82%	0.70%	0.00%
45	10.13%	2.49%	1.79%	1.09%	0.82%	0.70%	0.65%
50	10.13%	0.86%	0.53%	0.27%	0.17%	0.12%	0.09%
55	10.13%	0.86%	0.53%	0.27%	0.17%	0.12%	0.09%

IX Actuarial Assumptions (cont.)

Turnover (cont.)

Public Agency County Peace Officer

Hire Age	Years of Service 0 – 1	5	10	15	20	25	30
30	9.97%	4.10%	2.93%	1.75%	0.00%	0.00%	0.00%
35	9.97%	4.10%	2.93%	1.75%	0.94%	0.00%	0.00%
40	9.97%	4.10%	2.93%	1.75%	0.94%	0.52%	0.00%
45	9.97%	4.10%	2.93%	1.75%	0.94%	0.52%	0.36%
50	9.97%	1.45%	0.89%	0.45%	0.20%	0.09%	0.06%
55	9.97%	1.45%	0.89%	0.45%	0.20%	0.09%	0.06%

Miscellaneous

Hire Age	Years of Service 0 – 1	5	10	15	20	25	30
30	16.06%	7.90%	6.68%	5.81%	0.00%	0.00%	0.00%
35	15.37%	7.11%	5.87%	5.03%	4.50%	0.00%	0.00%
40	14.68%	6.32%	5.07%	4.24%	3.70%	3.12%	0.00%
45	14.00%	5.54%	4.27%	3.47%	2.90%	2.29%	1.61%
50	13.32%	1.16%	0.71%	0.32%	0.21%	0.11%	0.05%
55	12.62%	0.97%	0.55%	0.23%	0.13%	0.05%	0.01%

7. Disability

Disability rates developed in the 1997-2011 CalPERS Experience Study were used in the valuation. Sample rates are as follows:

	Public Agency Police		Public Agency County Peace Officer		CalPERS Miscellaneous	
Age	Male	Female	Male	Female	Male	Female
25	0.18%	0.18%	0.14%	0.14%	0.02%	0.01%
30	0.50%	0.50%	0.26%	0.26%	0.02%	0.02%
35	0.82%	0.82%	0.41%	0.41%	0.05%	0.08%
40	1.14%	1.14%	0.58%	0.58%	0.12%	0.16%
45	1.46%	1.46%	0.80%	0.80%	0.19%	0.22%
50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
55	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

IX Actuarial Assumptions (cont.)

8. Retirement Age

Retirement rates developed in the 1997-2011 CalPERS Experience Study are used in the valuation. Sample rates are provided below.

- Hire date prior to August 24, 2012:
  - Police 3% @ 50 were used for safety employees (including County Peace Officers)
  - Miscellaneous 3% @ 60 rates were used for all other employees employees.
- Hire date August 24, 2012 to December 31, 2012:
  - Police 2% @ 50 were used for safety employees (including County Peace Officers)
  - Miscellaneous 2% @ 60 rates were used for all other employees employees.
- Hire date post December 31, 2012:
  - Police 2.7% @ 57 were used for safety employees (including County Peace Officers)
  - Miscellaneous 2% @ 62 rates were used for all other employees employees.

Miscellaneous 3% @ 60

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	1.20%	1.80%	2.40%	3.90%	4.00%	9.10%	9.70%
55	4.30%	5.70%	7.20%	9.60%	10.50%	16.50%	17.90%
60	11.40%	14.80%	18.20%	22.60%	25.50%	33.40%	36.80%
65	20.20%	26.00%	31.80%	38.60%	43.90%	54.20%	60.00%
70	14.00%	18.20%	22.30%	27.40%	31.00%	39.60%	43.70%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Miscellaneous 2% @ 60

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	1.00%	1.30%	1.50%	1.80%	1.90%	2.10%	2.30%
55	2.20%	2.90%	3.50%	4.00%	4.50%	4.90%	5.40%
60	5.60%	7.70%	9.20%	10.50%	11.70%	13.00%	14.20%
65	15.00%	20.90%	25.50%	28.70%	32.10%	35.80%	39.30%
70	11.70%	16.20%	19.70%	22.20%	24.80%	27.70%	30.40%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Miscellaneous 2% @ 62

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
55	4.40%	5.60%	6.80%	8.00%	9.20%	10.40%	11.60%
60	6.16%	7.84%	9.52%	11.20%	12.88%	14.56%	16.24%
65	12.87%	16.38%	19.89%	23.40%	26.91%	30.42%	33.93%
70	12.54%	15.96%	19.38%	22.80%	26.22%	29.64%	33.06%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

IX Actuarial Assumptions (cont.)

Police 3% @ 50

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	5.00%	5.00%	5.00%	9.90%	24.00%	31.40%	37.90%
55	5.20%	5.20%	5.20%	10.50%	24.80%	32.30%	38.90%
60	6.00%	6.00%	6.00%	12.10%	27.20%	35.50%	42.80%
65	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Police 2% @ 50

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	0.50%	0.50%	0.50%	0.50%	1.70%	8.90%	9.80%
55	8.60%	8.60%	8.60%	8.60%	16.60%	35.40%	41.20%
60	12.30%	12.30%	12.30%	12.30%	15.30%	27.80%	32.20%
65	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Police 2.7% @ 57

Attained	Years of Service						
Age	5	10	15	20	25	30	35
50	1.38%	1.38%	1.38%	1.38%	2.53%	4.51%	5.35%
55	8.54%	8.54%	8.54%	8.54%	15.63%	27.85%	33.00%
60	13.96%	13.96%	13.96%	13.96%	17.19%	25.06%	29.69%
65	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

9. Annual Medical Inflation ("Trend")

County Contribution: PEMHCA amounts have been determined through 2016 ($125). After 2016, the PEMHCA amounts will increase at the same rate as the Medical CPI. For valuation purposes, this is assumed to be 4% for all years. This applies to RSA Public Safety, Deputy District Attorney and Law Enforcement Management who were assumed to participate in CalPERS Health Benefits programs and receive the PEMHCA amounts.

All other County contributions are assumed to remain at their current level.

IX Actuarial Assumptions (cont.)

For purposes of calculating the implicit subsidy, a medical trend rate assumption was used to develop the projected future medical claim amounts. The medical trend rate represents the long-term expected growth of medical benefits paid by the plan, due to non-age-related factors such as general medical inflation, utilization, new technology, and the like. The following table sets forth the trend assumptions used for the valuation:

	Medical	
Year	Pre Medicare	Post Medicare
2015	7.00%	8.40%
2016	6.90%	8.10%
2017	6.50%	7.40%
2018	6.00%	6.70%
2019	5.60%	6.00%
2020	5.30%	5.60%
2021	5.20%	5.50%
2022	5.10%	5.30%
2023	5.10%	5.20%
2024	5.00%	5.00%

Excise Tax (for implicit subsidy calculations)

For the excise tax on medical benefits under the Affordable Care Act, the overall value of the benefit was compared to the excise tax threshold. The values of the benefits were assumed to increase with the valuation trend and the excise tax thresholds were assumed to increase by 2.5% per year. The excise tax threshold is estimated to be reached in 2026 for Pre Medicare plans and 2046 for Post Medicare plans, and the additional cost of the excise tax each year after 2018 has been reflected in the liabilities, based on the following additional trend rates:

Pre Medicare

.Year	Additional Trend	Year	Additional Trend	Year	Additional Trend	Year	Additional Trend
2026	0.3%	2039-2040	1.3%	2052-2055	0.8%	2082-2095	0.3%
2027-2029	0.4%	2041-2042	0.12%	2056-2060	0.7%	2096+	0.2%
2030-2036	0.3%	2043-2045	0.11%	2061-2066	0.6%		
2037	1.0%	2046-2048	0.10%	2067-2073	0.5%		
2038	1.4%	2049-2051	0.9%	2074-2082	0.4%		

Post Medicare

.Year	Additional Trend	Year	Additional Trend	Year	Additional Trend	Year	Additional Trend
2046-2050	0.3%	2060-2061	1.4%	2071-2074	0.10%	2093+	0.2%
2051-2057	0.4%	2062-2064	1.3%	2075-2079	0.9%		
2058	0.3%	2065-2067	0.12%	2080-2085	0.8%		
2059	1.0%	2068-2070	0.11%	2086-2092	0.3%		

IX Actuarial Assumptions (cont.)

10. Monthly Medical Costs (for implicit Subsidy calculations)

The table below shows 2016 premiums as of the valuation date based on the Southern California Region.

Plan	HMO/PPO	Employee Only	Employee & 1 Dep.
Basic			
Anthem Select	HMO	$634.75	$1,269.50
Anthem Traditional	HMO	710.79	1,421.58
Blue Shield	HMO	654.87	1,309.74
Blue Shield Net Value	HMO	666.35	1,332.70
Exclusive Care	HMO	497.08	1,005.60
Health Net Salud y Más	HMO	535.98	1,071.96
Health Net SmartCare	HMO	596.98	1,193.96
Kaiser	HMO	605.05	1,210.10
PERS Choice	PPO	683.71	1,367.42
PERS Select	PPO	625.20	1,250.40
PERSCare	PPO	761.50	1,523.00
PORAC	PPO	699.00	1,399.00
Sharp	HMO	561.34	1,122.68
United Healthcare	HMO	493.99	987.98
Supplemental/Managed Medicare			
Blue Shield	HMO	371.20	742.20
Kaiser	HMO	297.23	594.46
PERS Choice	PPO	366.38	732.76
PERS Select	PPO	366.38	732.76
PERSCare	PPO	408.04	816.08
PORAC	PPO	442.00	881.00

Monthly Medical costs were developed by applying age adjustments to the above premiums to reflect the implicit subsidy. These age adjustments are based on statewide information provided by CalPERS. Single rate age adjustment factors are used for retirees and spouses. A sampling of the factors used is included below:

	Aging Factors	
Age	HMO Plans	PPO Plans
20	0.30	0.24
30	0.50	0.47
40	0.66	0.62
50	0.99	0.91
60	1.43	1.30
70	0.92	0.86
80	1.13	1.12
90+	1.14	1.15

IX Actuarial Assumptions (cont.)

11. Retiree Contributions

Retirees pay the premiums in excess of the County contributions.

12. Dental Benefits

Retirees are eligible for dental benefits if they pay the entire premium. Since dental claims are not assumed to vary with age, costs are expected to be fully paid by retirees and no County liabilities exist.

13. Participants Valued

Only current active and retired participants are directly valued. No future entrants are considered in this valuation.

Certain employees are eligible for retirement benefits at termination but do not immediately elect coverage. Such former employees may still be eligible to elect retiree coverage at a later date. Although the liabilities for such benefits are not directly valued, the County believes that the likelihood of such former employees returning to elect benefit coverage is considerably small, except for RSA, as discussed below. The plan participation assumptions are adjusted to consider this liability.

For RSA, it is anticipated that a significant number of retirees will defer benefits to later years. The RSA retiree liability was loaded 15% to account for such current "deferred" retirees that are not included in the census data.

14. Plan Participation

Assumed plan participation rates of future retirees is as set out in the following table:

Health Plan / Benefit	Assumed Participation Rate
CalPERS health plans	20%
RSA health plans	20% immediate / 20% defer to age 65
County health plans	
$25 per month benefit	10%
$256 per month benefit	20%

These percentages were developed based on a review of the County's recent experience.

15. Spousal Coverage Assumption

50% of future eligible retirees are assumed to cover their spouses. Males are assumed to be three years older than their female spouses. Current spousal coverage is used for current retirees.

16. Participants Excluded

Special District (Waste, Parks, Flood and RCA) employees, along with active Court members, were not included in this valuation.

IX Actuarial Assumptions (cont.)

17. Affordable Care Act

The impact of the Affordable Care Act was addressed in this valuation. In particular, the following items were reviewed:

- Reduced Funding on Medicare Advantage Plans by Federal Government
- Excise Taxes on High Cost Plans

The potential additional costs due to above items are included in the implicit subsidy liabilities of this valuation. The excise tax had the effect of increasing the liability approximately 0.3%.

18. Changes in Valuation Assumptions

The following assumptions were changed from the prior valuation:

1) Plan Participation Rate

Health Plan / Benefit	2015	2014
CalPERS health plan	20%	40%
RSA health plan	20% immediate	40% immediate
	20% defer to age 65	40% defer to age 65
County health plan		
$25 per month benefit	10%	25%
$256 per month benefit	20%	35%

2) Retirement Rates were updated to reflect additional decrement assumptions based on date of hire.

3) Implicit Subsidy - The basis for plan costs were changed to reflect variations in expected claims due to age, as required under revised actuarial standards.

Appendix A – Comparison of County Contribution to PEMHCA

The following table compares the projected monthly benefit per participant under the current plan to the projected monthly benefit per participant under PEMHCA. The PEMHCA amounts are assumed to increase at the same rate as medical inflation each year after 2015.

	Current Benefits		
Year	Low - $25/month	High - $256/month	PEMHCA Benefit
2015	$25.00	$256.00	$122.00
2016	$25.00	$256.00	$125.00
2017	$25.00	$256.00	$130.00
2018	$25.00	$256.00	$135.20
2019	$25.00	$256.00	$140.61
2020	$25.00	$256.00	$146.23
2021	$25.00	$256.00	$152.08
2022	$25.00	$256.00	$158.16
2023	$25.00	$256.00	$164.49
2024	$25.00	$256.00	$171.07
2025	$25.00	$256.00	$177.91
2026	$25.00	$256.00	$185.03
2027	$25.00	$256.00	$192.43
2028	$25.00	$256.00	$200.13
2029	$25.00	$256.00	$208.13
2030	$25.00	$256.00	$216.46
2031	$25.00	$256.00	$225.12
2032	$25.00	$256.00	$234.12
2033	$25.00	$256.00	$243.49
2034	$25.00	$256.00	$253.23
2035	$25.00	$256.00	$263.36
2036	$25.00	$256.00	$273.89
2037	$25.00	$256.00	$284.85

Appendix B – Projected Results

This section shows projected results based on a 7.28% discount rate as of the July 1, 2015 valuation date. The projection assumes that the County contributes the projected benefit payments for the year.

Valuation Date	July 1, 2015	Estimated July 1, 2016
Asset		
Asset @ BOY	$34,098,000	$34,486,000
Contributions		
Retiree Premiums	$2,171,000	$2,134,000
Reimbursement	($2,026,000)	$0
Implicit Subsidy	N/A	$391,000
Pre-Funding	$2,534,000	$0
Total	$2,679,000	$2,525,000
Benefit Payments		
Retiree Premiums	($2,171,000)	($2,134,000)
Implicit Subsidy	N/A	($391,000)
Total	($2,171,000)	($2,525,000)
Administrative Expenses	($34,000)	($34,000)
Interest to EOY	($86,000)	$2,511,000
Total Asset @ Valuation Date	$34,486,000	$36,963,000
Actuarial Accrued Liability		
Retiree	$29,889,000	$29,044,000
Active	$11,360,000	$12,915,000
Total AAL @ Valuation Date	$41,249,000	$41,959,000
Unfunded Accrued Liability	$6,763,000	$4,996,000
Fiscal Period	**7/1/15 to 6/30/16**	**7/1/16 to 6/30/17**
Development of ARC		
Amortization period	30	30
Amortization of UAL	$396,000	$293,000
Normal Cost @ MOY	$681,000	$701,000
Total ARC @ MOY	$1,077,000	$994,000
Development of Annual OPEB Cost		
NOO Beginning of Year	($29,905,000)	($31,781,000)
Amortization Factor	17.1	17.1
Annual Required Contribution	$1,077,000	$994,000
Interest on Net OPEB Obligation	($2,177,000)	($2,314,000)
Adjustment to the ARC	$1,749,000	$1,859,000
Annual OPEB Cost (AOC)	$649,000	$539,000
Development of Net OPEB Obligation / (Asset)		
NOO Beginning of Year	($29,905,000)	($31,781,000)
OPEB Cost	$649,000	$539,000
Expected Contribution	($2,525,000)	($2,650,000)
NOO End of Year	($31,781,000)	($33,892,000)

For the year ended June 30, 2015, the County elected to be reimbursed for pay-as-you-go costs from the CERBT trust. If the County again elects reimbursement for the year ending June 30, 2016, the projected funded status as of July 1, 2016 would be 83%, compared to 88% if the County does not seek reimbursement (as in the illustration above).

Appendix C – Pre-65 / Post-65 Breakdown

Alternate breakdown of AAL is shown below to help understand the source of costs.

	Pre-65	Post-65	Total
All Benefits			
County Contribution - Flat Dollar (County & RSA)			
Retirees	$1,780,000	$13,078,000	$14,858,000
Actives	$1,630,000	$3,595,000	$5,225,000
Subtotal	$3,410,000	$16,673,000	$20,083,000
County Contribution - CalPERS Benefits			
Retirees	$1,649,000	$8,518,000	$10,167,000
Actives	$1,264,000	$2,076,000	$3,339,000
Subtotal	$2,913,000	$10,594,000	$13,506,000
CalPERS - Implicit Subsidy			
Retirees	$4,316,000	$548,000	$4,864,000
Actives	$2,741,000	$54,000	$2,795,000
Subtotal	$7,057,000	$602,000	$7,659,000
Total AAL	**$13,380,000**	**$27,869,000**	**$41,249,000**
Number of Retirees as of 7/1/2015	700	1,356	2,056
Number of Actives as of 7/1/2015	3,752	15,366	19,118
AAL Per Retiree	$11,100	$16,300	$14,500
AAL Per Active	$1,500	$400	$600
Normal Cost			
Flat Dollar (County & RSA)	$108,000	$225,000	333,000
CalPERS Benefits	$81,000	$112,000	193,000
CalPERS - Implicit Subsidy	$128,000	$4,000	132,000
Total Normal Cost	**$317,000**	**$341,000**	**$658,000**

About Aon

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