

GASB₄₅

SOLUTIONS



ACTUARIAL REVIEW

GASB 45 Alternative Measurement Method





City of Larkspur
Actuarial Review
GASB 45 Alternative Measurement Method

Contents

I.	Actuarial Review.....	Page 2
II.	Summary of Results	Page 3
III.	Summary of Client Data	Page 4
IV.	Census Data – Active Employees	Page 5
V.	Census Data – Retirees	Page 7
VI.	Actuarial Assumptions	Page 9



Actuarial Review

We have reviewed the attached report for the City of Larkspur. The results show an Employer-Paid Accrued Liability of \$7,493,551 and a first-year accrual expense ("ARC") of \$833,138. This is based on a valuation date of 7/1/2009.

Our review is limited in scope - we are attesting to the formulas having worked properly given the input and assumptions provided by the client. Different census data and actuarial assumptions could result in significantly different results. If the client believes that the liabilities are material in light of its overall financial reporting requirements, we recommend a full actuarial valuation and certification rather than reliance on the contents of this report.

A handwritten signature in cursive script that reads 'Louis Filliger'.

Attested by Louis Filliger, Fellow, Society of Actuaries
Demsey, Filliger & Associates
lfilliger@demseyfilliger.com



**Summary of Results for GASB 45
Alternative Measurement Method as of 7/1/2009**

According to the results listed in the table below, City of Larkspur has an accrued liability of \$7,493,551. Because City of Larkspur does not have an irrevocable trust for the pre-funding of retiree benefits, the Unfunded Accrued Liability (UAL) is also \$7,493,551. This report also determines that the Annual Required Contributions (ARC) under GASB 45 is \$833,138. This is comprised of the present value of benefits accruing in the current year (called the “service cost”) and a 30-year amortization of the UAL.

	<u>Actives</u>	<u>Retirees</u>	<u>Total as of Valuation Date</u>
Total PVB	\$7,957,551	\$3,620,180	\$11,577,731
Total PUC AL	4,055,553	3,620,180	7,675,733
Total PUC SC	345,673	0	345,673
Retiree-Paid PVB	322,063	0	322,063
Retiree-Paid PUC AL	182,182	0	182,182
Retiree-Paid PUC SC	16,462	0	16,462
Employer PVB	7,635,488	3,620,180	11,255,668
Employer PUC AL	3,873,371	3,620,180	7,493,551
Employer PUC SC	329,211	0	329,211
Accrued Liability			7,493,551
Assets (from client input)			<u>0</u>
Unfunded Accrued Liability			7,493,551
Annual Required Contributions (ARC) for year ending			6/30/2010
Service Cost at end of year			\$345,672
30 year Amortization of UAL			<u>487,466</u>
Total ARC			\$833,138
Adjustments to ARC (N/A in first year of application)			<u>0</u>
Total OPEB Expense (goes to income statement)			\$833,138

Key Definitions:

PVB = Present Value of Benefits: this is the present value of all projected benefits

AL= Accrued Liability: this is the present value of benefits that are attributed to past service only

UAL = Unfunded Accrued Liability: this is equal to the AL minus assets

ARC = Annual Required Contribution: this is the amount City of Larkspur would be required to report as an expense for the upcoming fiscal year under GASB 45 which Present Value of Benefits is apportioned into Accrued Liability and Service Cost

SC = Service Cost: this is the proportion of the actuarial present value of a pension plan benefits and expenses which is allocated to a valuation year by the actuarial cost method used in the valuation

PUC = Projected Unit Credit: this is an actuarial cost method (one of 6 permitted by GASB 45) under which Present Value of Benefits is apportioned into Accrued Liability and Service Cost



Summary of Client Data

The actuarial review was based on the client data outlined below furnished to us by the City of Larkspur.

General Information

Number of Active Employees: 54
 Number of Retirees: 39
 GASB 45 compliant irrevocable trust: \$0

Plan Information

Subscriber group	Benefit Duration	Benefit eligibility age	Assumed (average) retirement age	Minimum years of service required
1 & 2	Lifetime	55	58	15
2 & 3	Lifetime	55	58	5

Subscriber group	Benefits pro-rated for FTE less than 1.0	Minimum FTE Of 0.5 required	Spousal benefits	Survivor benefits	Dental Benefits	Vision Benefits
2	Yes	Yes	No	No	None	None
1, 3 & 4	Yes	Yes	Yes	Yes	None	None

Monthly Premiums

This table represents the weighted average of the full uncapped monthly premiums for retirees.

Premium group	Subscriber group	Composite	Retiree only	Retiree + 1	Effective date
Medical for retirees under age 65 (pre-Medicare eligible)	All plan members		\$582.52	\$1165.04	1/1/2010
Medical for retirees age 65 and over (Medicare Eligible)	All plan members		\$336.19	\$672.38	1/1/2010
Dental	N/A				
Vision	N/A				

Monthly Caps

Subscriber Group	Employer Percentage
All plan members	None



Census Data – Active Employees

The actuarial review was based on the client data listed below furnished to us by City of Larkspur.

Active Employees

Record #	Name/ID	Date of Birth	Date of Hire	Gender	Subscriber Group	FTE
1	AHRENS/REBECCA A.	████████	11/16/1999	F	1	1
2	BAMATTER/NATHALIE A.	████████	9/5/2000	F	1	1
3	BRUNTON/JAMES E.	████████	7/1/1990	M	1	1
4	CALEGARI/NICHOLAS M	████████	12/1/2005	M	3	1
5	CALLAHAN/LAURA L	████████	3/16/2009	F	2	1
6	CAMARAOTA/ANNA	████████	8/13/2007	F	2	1
7	CAPASSO/TERESA V	████████	11/1/2006	F	1	1
8	CHAPONOT/WILLIAM A.	████████	4/29/1991	M	1	1
9	CLAEYS/GARY	████████	10/1/1990	M	3	1
10	CLARK/JAMES L.	████████	7/17/1978	M	3	1
11	COBB/MATTHEW	████████	8/1/1988	M	3	1
12	COLMAN/EZRA J.	████████	10/16/2000	M	3	1
13	CORDOVA/ROBERT J	████████	8/1/2001	M	1	0.8
14	CUNHA/STEVEN R.	████████	10/16/2000	M	3	1
15	DAY/RYAN T	████████	5/1/2006	M	3	1
16	DE FRANCIS/TONI C.	████████	5/9/2001	F	1	0.54
17	FERRERA/JASON	████████	9/4/1991	M	1	1
18	FISHER/JOHN ADAM	████████	7/23/2001	M	3	1
19	FRANZ/PATRICIA A	████████	7/1/1980	F	1	1
20	GORDON/FRANCES L.	████████	1/31/1999	F	1	1
21	GORDON/ROBERT A	████████	8/1/2001	M	1	0.8
22	HERSHFIELD-COHEN/ANNIE	████████	8/1/1994	F	1	0.62
23	HESS/LISA BREIVIK	████████	7/1/1986	F	1	0.7
24	HUISMAN/CYNTHIA A.	████████	4/16/2001	F	1	1
25	JULIAN/KATHRYN	████████	8/31/1994	F	1	1



Record #	Name/ID	Date of Birth	Date of Hire	Gender	Subscriber Group	FTE
26	KASUYA/TAUNY L	██████	8/16/2006	F	1	1
27	KAUFMAN/NANCY H	██████	5/15/2003	F	1	1
28	KEMP/LINDA L.	██████	7/31/1997	F	1	0.72
29	KOENIG/AMY B.	██████	7/25/1994	F	1	1
30	LANDIS/JAMES P	██████	8/1/1990	M	3	1
31	LANG/JAMES E.	██████	9/1/2000	M	1	1
32	LANG/JOAN M	██████	7/2/2007	F	2	1
33	MCCREADY/KRISTEN B	██████	8/28/2003	F	1	1
34	MCDONALD/LORI A.	██████	10/8/2004	F	1	0.85
35	METCHO/SCOTT S	██████	4/12/2005	M	1	0.85
36	MYERS/MICHAEL E	██████	1/6/1987	M	1	1
37	NAJARRO/NOEL D.	██████	7/16/2001	M	1	1
38	PAPPAS/STEVEN	██████	8/15/1984	M	1	1
39	PARKER/MICHAEL L.	██████	11/1/1999	M	3	1
40	REED/BRET W	██████	5/1/2002	M	3	1
41	RUTKOWSKI/DENNIS R.	██████	6/16/2000	M	3	1
42	SCHAEFER/SANDRA	██████	7/1/1980	F	1	1
43	SCHWARZ/DANIEL R	██████	5/17/2010	M	2	1
44	SHAMSAPOUR/HAMID R.	██████	9/1/1995	M	1	1
45	SHURTZ/SCOTT C	██████	11/16/1991	M	3	1
46	SINNOTT/ROBERT B	██████	2/16/1980	M	3	1
47	STASIOWSKI/DONALD	██████	2/1/1989	M	3	1
48	TAN/RICHARD	██████	10/1/2009	M	2	1
49	TIMMER/THOMAS P.	██████	12/1/1996	M	3	1
50	TOFT/NEAL C.	██████	6/18/2001	M	1	1
51	WALTON/STEVE C	██████	5/29/1992	M	3	1
52	WESTFALL/BRANTLY	██████	8/1/2007	M	3	1
53	WHITLEY/RICHARD J.	██████	8/1/1995	M	1	1
54	WILKINSON/DAVID W.	██████	2/3/1997	M	1	1



Census Data - Retirees

The actuarial review was based on the client data listed below furnished to us by City of Larkspur.

Retirees

Record #	Name/ID	Date of Birth	Gender	Subscriber Group	Employer Percentage
1	Anthony	██████	F	3	100%
2	Archer	██████	M	3	100%
3	Barry	██████	M	3	100%
4	Bell	██████	M	3	100%
5	Bonander	██████	F	3	100%
6	Braun	██████	M	4	100%
7	Campbell	██████	F	3	100%
8	Colvin	██████	F	3	100%
9	Cullins	██████	M	3	100%
10	Cummesky	██████	M	3	100%
11	Dahlman	██████	F	3	100%
12	Field	██████	M	3	100%
13	Gearhart	██████	F	3	100%
14	Gray	██████	M	3	100%
15	Green	██████	F	3	100%
16	Handsaker	██████	M	3	100%
17	James	██████	F	3	100%
18	Kilbourne	██████	M	3	100%



Record #	Name/ID	Date of Birth	Gender	Subscriber Group	Employer Percentage
19	Kilby	██████	M	3	100%
20	Kohler	██████	M	3	100%
21	Lellis	██████	M	3	100%
22	Mistron	██████	F	3	100%
23	Monestier	██████	F	3	100%
24	Moscoso	██████	M	3	100%
25	Mott	██████	F	3	100%
26	Newberry, J	██████	M	3	100%
27	Newberry, R	██████	M	4	100%
28	Ortiz	██████	M	3	100%
29	Shaffer	██████	M	3	100%
30	Shurtz	██████	M	3	100%
31	Smith	██████	F	3	100%
32	Spivey	██████	F	3	100%
33	Stephens	██████	F	3	100%
34	Sullivan	██████	M	3	100%
35	Ulin	██████	F	3	100%
36	Vazquez	██████	F	3	100%
37	Wallenstein	██████	M	3	100%
38	Weichel	██████	M	3	100%
39	White	██████	F	3	100%



Actuarial Assumptions

The liabilities set forth in this report are based on the actuarial assumptions listed in this section.

Valuation Date	7/1/2009
Discount Rate	0.05
Ultimate Trend Rate	0.05
HealthCare trend rates	2009 0.07
	2010 0.06
	2011 0.05
	2012 0.05
	2013 0.05
	2014 0.05
	2015 0.05
	2016 0.05
	2017 0.05
	2018 0.05
Dental	0.04
Vision (tied to dental)	0.04
Other (tied to dental)	0.04
Age-adjustment factor	0
Cap inflator (full inflation)	-0.01
Percent of Retirees with Spouses	0.6