Washington State Department of Retirement Systems

LEOFF Plan 1
Medical Benefits Fact Book

Task Force Study - Phase One

2009

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Executive Summary

Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) Plan 1 statutes provide employer paid medical benefits for members and retirees of the plan. Although LEOFF Plan 1 employers are not required to pre-fund the benefits, new Government Accounting Standards Board (GASB) Statements 43 and 45 specify that the obligations (Postemployment Benefits Other than Pensions, or "OPEB") are to be reported as they are earned for current employees, and previously accrued obligations are to be amortized over a period of not more than 30 years. Employers must also disclose any unfunded liability associated with these benefits. Local governments are not required to comply with GASB standards, but most choose to do so for bond ratings and other purposes.

The Office of the State Actuary (OSA) conducted a study of LEOFF Plan 1 OPEB liabilities owed by Washington State local government employers. As of the September 30, 2006 valuation, the present value of all future medical and long-term care benefits to be paid on behalf of current and retired LEOFF Plan 1 members is $1.758 billion. This represents $1.745 billion that had already been accrued as of the valuation date, and an additional $13 million that is expected to be earned by current workers as they continue working until retirement.

Most local government employers have preferred to pay these healthcare expenses as they occur, rather than setting aside funds to cover future obligations. Therefore, most if not all of the $1.745 billion will be reflected in the respective financial statements as Unfunded Actuarial Accrued Liabilities (UAAL). Those employers use existing revenue streams from which to pay for the medical benefits. The majority of their revenues come from general property taxes and sales/use taxes, which have caps on increases without voter approval. Other revenue sources may generate additional income, but most of these are for dedicated purposes and cannot be used to pay for the OPEB liabilities.

These issues are a concern for LEOFF Plan 1 retirees, employers, members and the state as well as other interested stakeholders. The Director of the Department of Retirement Systems (DRS) convened a group of interested parties to develop a Fact Book that all stakeholders could agree accurately represents the following issues:

- Responsibilities for payment of medical benefits
- OPEB liability
- Sources of revenue for funding the medical benefits
- Funded status of LEOFF Plan 1

This report is the result of the work of the various stakeholders to identify and agree upon the relevant facts.

Chapter One – LEOFF Plan 1 Medical Benefits

History

In 1969 the Washington Legislature enacted RCW 41.26, the Law Enforcement Officers and Fire Fighters Retirement System (LEOFF). As of March 1, 1970 all full-time, fully-compensated police officers and fire fighters were transferred into the LEOFF system. Prior to the enactment of the LEOFF system, some police officers and fire fighters had been covered by retirement systems provided by RCW 41.16, 41.18, or 41.20, often referred to as the "prior act", and some were not covered by any benefit system. The LEOFF system brought all full-time, fully-compensated police officers and fire fighters under a single plan which provides both retirement benefits and medical benefits for LEOFF members. LEOFF Plan 1 was closed to new members on September 30, 1977 and all police officers and fire fighters first employed as such on or after October 1, 1977 became members of the newly enacted Plan 2 of LEOFF. The present study deals solely with issues relating to Plan 1 medical benefits. LEOFF Plan 1 members qualify for the medical benefits described in this report when they are eligible for and retire under the terms of LEOFF Plan 1.

Medical Benefits

Plan 1 contains statutes through which healthcare coverage is provided to members. RCW 41.26.030(22) lists certain minimum medical services which must be provided to all Plan 1 members. These minimum medical services include some 18 basic medical services such as hospital care; the fees of physicians, osteopaths, chiropractors and optometrists; the cost of nursing services; the cost of medication, x-rays and x-ray therapy, anesthesia, and oxygen; the rental of durable medical and surgical equipment and the purchase of a prosthesis; ambulance services; dental care for accidental injury; and the cost of nursing home confinement, physical therapy, and blood transfusions.

These minimum medical services which must be provided to Plan 1 members pursuant to RCW 41.26.030(22) are contractual like in nature, and may not be taken away or diminished by the legislature or a local disability board. (See Bakenhus v. Seattle) Plan 1 provides that the employer shall pay for necessary medical services that are not payable from some other source, as specified in RCW 41.26.030(22) and RCW RCW 41.26.150(1).

RCW 41.26.150(4) allows employers who have active or retired LEOFF Plan 1 members to insure their employers' liability for medical services provided to these members, either singly or jointly with other employers, through contracts with regularly constituted insurance carriers, health maintenance organizations, or health care service contractors.

Disability Boards

RCW 41.26.150(1)(b) permits local disability boards to designate additional medical services for Plan 1 members that are to be paid for by their employers or former employers unless payment is available from some other source. Local disability boards have the discretion to determine what additional medical services they wish to provide, over and above those minimum services mandated by RCW 41.26.030(22).

There are approximately 80 local disability boards throughout the State: 20 for first-class cities; 21 for other cities; and 39 for counties. RCW 41.26.110(3) vests local disability boards with the authority to "perform all functions, exercise all powers, and make all such determinations as specified" in RCW 41.26. Among the determinations to be made by local disability boards are questions of fitness for duty, eligibility of members for disability leave and retirement, and whether a member's disability was incurred in line of duty.

Plan Qualification

In 1982 the Department of Retirement Systems (DRS) received a favorable plan determination letter from the Internal Revenue Service (IRS) qualifying LEOFF Plan 1 as a defined benefit plan under section 401(a) of the Internal Revenue Code. DRS has submitted LEOFF Plan 1 as a defined benefit plan to the Internal Revenue Service for plan re-qualification as recommended under the Pension Protection Act of 2006 (PPA).

Source: Washington State Department of Retirement Systems' interpretation of 1982 Favorable Determination Letter from the Internal Revenue Service based on the Department's 1982 application for qualification as a defined benefit plan.

LEOFF Plan 1 Employers

LEOFF Plan 1 employers are governmental entities that employ law enforcement officers or firefighters, and include:

- Cities
- Counties
- Fire Districts
- Port Districts (currently 5 port districts employ firefighters)

Source: See Attachment 6.

Chapter Two – Estimating the Costs of LEOFF Plan 1 Medical Benefits

LEOFF Plan 1 members are the only Washington State retirement plan members authorized to receive paid post employment medical benefits. Other state retirement plan retirees may purchase medical insurance in the state or employer sponsored medical plans under plan specific circumstances.

New GASB Standards

Certain accounting standards apply to the financial statement treatment of post employment medical benefits. Government employers may report their financial information on a cash or accrual basis. Under an accrual basis, governmental employers are audited against Governmental Accounting Standards Board (GASB). Retiree health benefits paid by the employer are reviewed for compliance with GASB Statement 45 on Other Post Employment Benefits (OPEB). While not required to present financial information under GASB standards, most governments choose to do so to achieve outcomes such as strong bond ratings.

It is likely that some or all of Washington's 248 LEOFF Plan 1 employers report their financial information using GASB accounting and reporting standards. The Washington State Auditor's Office (SAO) does not require local governments to report under GASB standards as a pre-requisite to concluding that financial information has been fairly presented. However, if a local government does present its financial information in compliance with GASB standards, the government will need to comply with the OPEB reporting requirements.

As of 2008, all governments complying with GASB standards on OPEB must:

- Accrue an annual required contribution (ARC) each year which includes (a) the normal cost or the cost for active members attributable to the current year and (b) a component for amortization of the total past costs or the unfunded actuarial accrued liabilities (or funding excess) of the plan over a period not to exceed thirty years.

- Recognize the total unfunded actuarial accrued liabilities in their financial statement disclosures.

Source: Governmental Accounting Standards Board and Washington State Department of Retirement Systems

The Projected Costs of LEOFF Plan 1 Medical Benefits

GASB 45 treats health benefits similar to retirement income benefits for purposes of financial reporting. GASB 45 recognizes that post employment health benefits are earned during active employment and should be recorded as costs to the employer when earned during the member's active employment. In simpler terms, when a member retires her/his expected lifetime retiree health care costs should be fully recorded as a liability in the last employer's financial records. This liability then decreases as the retiree ages and benefits are paid.

Each employer has an aggregate liability for the members for whom it is responsible called the Present Value of Future Benefits (PVFB). The PVFB is the present value of all future medical and long-term care benefits expected to be paid on behalf of current LEOFF Plan 1 employees (future retirees) and current LEOFF Plan 1 retirees. As of September 30, 2006 the PVFB was $1.758 billion for Washington State LEOFF Plan 1 employers. Of this amount, $1.745 billion is considered accrued, or earned, and is called the Actuarial Accrued Liability (AAL). The remaining $13 million is the estimated amount that is still to be earned by active LEOFF Plan 1 employees before they retire.

This estimate was developed in a project assigned to the Office of the State Actuary (OSA) in 2007. OSA published the ***2007 LEOFF 1 Medical Benefits Report - December 2007***. The $1.758 billion estimated liability was calculated by projecting the estimated medical and long-term care benefits for every member of LEOFF Plan 1 and discounting the amount to the September 30, 2006 valuation date to determine the present value of all future medical benefits.

These projected benefits were reduced for Medicare coverage and also reflect private insurance coverage. Medicare is assumed to be the "first payer" for eligible medical benefits. 100 percent of current and future LEOFF Plan 1 retirees are assumed to join Medicare at age 65. Therefore, the $1.758 billion is the employers' outstanding responsibility.

Projected costs are influenced by the differences in benefits provided by separate and distinct disability boards. The projected medical costs used to estimate the liability were based on the results of a previous survey. The projected costs reflect the average expected cost, per person and by age, for the group at large. Costs by individual employer and disability board will vary.

Few, if any, employers have historically recorded costs in this manner. GASB 45 provides employers the option of recording these historical costs over a 30 year period while requiring that they convert to the reporting requirements for OPEB benefits earned by active members once the GASB standards are adopted.

Chapter Source: Office of the State Actuary 2007 LEOFF 1 Medical Benefits Report - December 2007 and Washington State Department of Retirement Systems

Methods of Payment

Employers have, and continue to have, the option of pre-funding member expected lifetime medical benefits or paying for them as they occur. The latter method is referred to as "pay-as-you-go". Because many, if not most, governments have historically funded post retirement health benefits on a pay-as-you-go-basis, they have accumulated an Unfunded Actuarial Accrued Liability (UAAL) under the new OPEB reporting requirements. The UAAL is that portion of the AAL that has not been pre-funded.

GASB 45 requires governments to recognize the cost of, but not to pre-fund, post retirement medical costs. Pre-funding reduces the balance sheet liability and may be more or less expensive over time, depending on actual asset returns. Governmental employers are not required to pre-fund these benefits and may continue to pay them on a pay-as-you-go-basis.

Specific and aggregate data is not available because LEOFF Plan 1 medical benefits are paid for separately by 248 separate employers. It is reasonable to assume, based on information from employer associations, that most LEOFF Plan 1 employers pay for post retirement medical costs through either pure or self-insurance policies on a pay-as-you-go basis. If these plans are administered consistent with the state or most private sector plans, it is also reasonable to assume Medicare reimbursements reduce the liability of the employer.

Medical insurance and Medicare cover most of the medical services required under RCW 41.26.030(22). Nursing home confinement or extended medical care facility costs required under this statute are generally not covered under standard medical policies. It is likely that LEOFF Plan 1 employers will begin to incur these types of costs as the plan population age increases, and employers will compare the costs of obtaining insurance or a self-pay approach. These costs account for approximately one-fourth of the total projected liability.

The last employer of a retired LEOFF Plan 1 member is responsible for the full cost of any post retirement medical benefits.

Estimating the Employer UAAL

The estimate assumes a pay-as-you-go funding policy for all employers for this state-wide study and that no employers have pre-funded their liability. Therefore the $1.745 billion AAL referenced in the previous section is also considered to be the Unfunded Actuarial Accrued Liability (UAAL) of employers and represents the amount that would need to be set aside today to pay for the anticipated costs if the fund earned 4.5 percent. This discount or interest rate is the expected Washington State Treasury short-term yield as recommended by GASB for plans that do not maintain a dedicated trust for these costs.

Source: Governmental Accounting Standards Board, Office of the State Actuary 2007 LEOFF 1 Medical Benefits Report - December 2007; and Washington State Department of Retirement Systems

Chapter Three – LEOFF Plan 1 Employer Revenue Sources

LEOFF Plan 1 employers are governmental entities that employ law enforcement officers or firefighters, and include cities, counties, fire districts and port districts (five port districts currently employ fire fighters). The cities and counties have historically employed the majority of the LEOFF Plan 1 retirees and current active members.

Employers pay for their operations from specific funds received in the form of taxes and fees for services. Local government revenues and expenditures are controlled by state and local laws. Revenues from some sources may fund general purposes, while use of other funds may be restricted.

Cities receive more than 75 percent of their general fund revenues from property taxes, sales and use taxes and business and utility taxes. Cities with pre LEOFF pension responsibilities are allowed to levy property taxes up to $3.60 per thousand dollars assessed valuation (otherwise the maximum regular property tax rate is $3.375). Qualifying pre LEOFF cities and fire districts also receive a share of the fire insurance premium tax.

Except with voter approval, the following limits apply:

- Property taxes are limited to increases of no more than 1 percent annually.
- Sales tax (basic and optional) is limited to 1 percent for general purposes.
- Utility taxes are limited to 6 percent on electric, natural gas, steam energy, and telephone.

Counties receive approximately 75 percent of their general funds from property taxes, sales and use taxes, and fees for services. Counties have the same restrictions as cities do for property and sales taxes, as described above. Counties' general funds cover public safety, health and human services, natural resources and general government expenses.

Washington State Constitutional amendment limits regular property tax levies to 1 percent, or $10 per $1,000 of assessed value, without voter approval. Additionally, voters approved and the Legislature reaffirmed a 1 percent annual tax increase limitation on individual taxing districts and state school levies. "For example, if a city received $1 million in property taxes one year, it can only receive $1.01 million the next year, plus any tax revenues generated by new construction added to the tax rolls in the past year."[i] If a jurisdiction chooses not to exercise its option to increase their levy by 1 percent, they are allowed to "bank" that unused growth for the future.

Cities, counties and other taxing districts are also subject to certain rate limits. Even if a city's taxes are below the statutory rate limits, the city may not be able to increase rates to the full amount because of the 101 percent limit. Local taxing districts can propose that voters "lift" the 1 percent limit on annual levy increases so the district can collect a higher levy rate, up to the maximum rate for that jurisdiction. This results in an increase in property taxes beyond the 1 percent limit.

Source: "How the 1 Percent Property Tax Limit Works", Washington State Department of Revenue

Chapter Four – LEOFF Plan 1 Funding

LEOFF Plan 1

LEOFF Plan 1 was closed in 1977. As of June 30, 2000 all employer and employee contributions to this plan were suspended indefinitely unless the most recent valuation study indicates the plan has unfunded liabilities.

Pension Fund Valuation

The Office of the State Actuary (OSA) reports a plan's funded status annually by comparing the present value of the liabilities or earned pensions of its members to the plan's current assets under both the Actuarial Value of Assets (AVA) or the Market Value of Assets (MVA). The funded status of LEOFF Plan 1 as of the most recent valuation report is 123 percent using the AVA, and 114 percent using the MVA.

Plan Assets / Plan Liabilities = Funding Status	Actuarial Value	Market Value
Discount Rate The 8 percent discount rate is the state's long-term assumed rate of return on investments, and 5.5 percent is a short-term rate of interest assumed to be "risk-free".	8%	5.5%
Liabilities Plan liabilities are the earned pensions of its members calculated by estimating the present value of the earned pensions of members as of the valuation date or June 30, 2007. OSA estimates future payments for every member of LEOFF Plan 1, and their survivors/beneficiaries using salary growth and other assumptions. This amount is then discounted to the valuation date to determine the present value of all future pension payments.	$4.323B	$5.634B
Assets – Actuarial Value of Assets (AVA) Actuaries commonly use the actuarial value of assets in combination with the appropriate liability measurement to determine the ***contribution requirements*** and funded status for an ongoing plan because it is based on what the assets are expected to earn over time.	$5.298B	
Assets – Market Value of Assets (MVA) Actuaries commonly use the market value of assets in combination with the appropriate liability measurement to determine the ***unfunded "termination" or "settlement"*** liability for a plan because it is based on a "risk-free" rate of return.		$6.416B
Funded Ratio as of June 30,2007	123%	114%

Source: Office of the State Actuary 2007 LEOFF Actuarial Valuation Report

Pension Protection Act of 2006 (PPA)

The Pension Protection Act of 2006 (PPA) brought about the most significant changes that have been made for pension plans since the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Employee Retirement Income Security Act of 1974 (ERISA). The federal legislation primarily impacts private pension plans, defined contribution plans and IRAs, but does have some applicability to government pension plans. The PPA amended Section 420 of the Internal Revenue Code of 1986 relating to qualified transfers of excess pension assets to 401(h) or retiree health accounts. The transfer of excess pension assets through a 420 transfer can only occur if the funding level in the plan exceeds 120 percent. The previous standard was 125 percent. Washington State Law does not currently allow for qualified 420 transfers of excess pension assets to 401(h) accounts.

Source: Pension Protection Act of 2006 and Washington State Department of Retirement Systems

Attachment 1 - LEOFF Plan 1 Revised Code of Washington (RCW)

RCW 41.26.030 (22)

(22) "Medical services" for plan 1 members, shall include the following as minimum services to be provided. Reasonable charges for these services shall be paid in accordance with RCW 41.26.150.

(a) Hospital expenses: These are the charges made by a hospital, in its own behalf, for

(i) Board and room not to exceed semiprivate room rate unless private room is required by the attending physician due to the condition of the patient.

(ii) Necessary hospital services, other than board and room, furnished by the hospital.

(b) Other medical expenses: The following charges are considered "other medical expenses", provided that they have not been considered as "hospital expenses".

(i) The fees of the following:

(A) A physician or surgeon licensed under the provisions of chapter 18.71 RCW;

(B) An osteopathic physician and surgeon licensed under the provisions of chapter 18.57 RCW;

(C) A chiropractor licensed under the provisions of chapter 18.25 RCW.

(ii) The charges of a registered graduate nurse other than a nurse who ordinarily resides in the member's home, or is a member of the family of either the member or the member's spouse.

(iii) The charges for the following medical services and supplies:

(A) Drugs and medicines upon a physician's prescription;

(B) Diagnostic X-ray and laboratory examinations;

(C) X-ray, radium, and radioactive isotopes therapy;

(D) Anesthesia and oxygen;

(E) Rental of iron lung and other durable medical and surgical equipment;

(F) Artificial limbs and eyes, and casts, splints, and trusses;

(G) Professional ambulance service when used to transport the member to or from a hospital when injured by an accident or stricken by a disease;

(H) Dental charges incurred by a member who sustains an accidental injury to his or her teeth and who commences treatment by a legally licensed dentist within ninety days after the accident;

(I) Nursing home confinement or hospital extended care facility;

(J) Physical therapy by a registered physical therapist;

(K) Blood transfusions, including the cost of blood and blood plasma not replaced by voluntary donors;

(L) An optometrist licensed under the provisions of chapter 18.53 RCW.

RCW 41.26.150 (1)(b)

(1) Whenever any active member, or any member hereafter retired, on account of service, sickness, or disability, not caused or brought on by dissipation or abuse, of which the disability board shall be judge, is confined in any hospital or in home, and whether or not so confined, requires medical services, the employer shall pay for the active or retired member the necessary medical services not payable from some other source as provided for in subsection (2) of this section. In the case of active or retired firefighters the employer may make the payments provided for in this section from the *firemen's pension fund established pursuant to RCW 41.16.050 where the fund had been established prior to March 1, 1970. If this pension fund is depleted, the employer shall have the obligation to pay all benefits payable under chapters 41.16 and 41.18 RCW.

(b) The disability board shall designate the medical services available to any sick or disabled member.

RCW 41.26.110(3)

(3) The disability boards authorized for establishment by this section shall perform all functions, exercise all powers, and make all such determinations as specified in this chapter.

Attachment 2 – GASB

What is GASB?

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. Established in 1984 by agreement of the Financial Accounting Foundation (FAF) and 10 national associations of state and local government officials, the GASB is recognized by governments, the accounting industry, and the capital markets as the official source of generally accepted accounting principles (GAAP) for state and local governments.

Accounting and financial reporting standards designed for the government environment are essential because governments are fundamentally different from for-profit businesses. Furthermore, the information needs of the users of government financial statements are different from the needs of the users of private company financial statements.

The GASB members and staff understand the unique characteristics of governments and the environment in which they operate. The GASB is not a government entity; instead, it is an operating component of the FAF, which is a private sector not-for-profit entity. Funding for the GASB comes in part from sales of its own publications and in part from state and local governments and the municipal bond community. Its standards are not federal laws or regulations and the organization does not have enforcement authority. Compliance with GASB's standards, however, is enforced through the laws of some individual states and through the audit process, when auditors render opinions on the fairness of financial statement presentations in conformity with GAAP.

Summary of Statement No. 45

Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions

(Issued 6/04)

In addition to pensions, many state and local governmental employers provide *other postemployment benefits* (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes *postemployment healthcare,* as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

The approach followed in this Statement generally is consistent with the approach adopted in Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* with modifications to reflect differences between pension benefits and OPEB. Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* addresses financial statement and disclosure requirements for reporting by administrators or trustees of OPEB plan assets or by employers or sponsors that include OPEB plan assets as trust or agency funds in their financial reports.

How This Statement Improves Financial Reporting

Postemployment benefits (OPEB as well as pensions) are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are taken while the employees are in active service, whereas other benefits, including postemployment healthcare and other OPEB, are taken after the employees' services have ended. Nevertheless, both types of benefits constitute compensation for employee services.

From an accrual accounting perspective, the cost of OPEB, like the cost of pension benefits, generally should be associated with the periods in which the exchange occurs, rather than with the periods (often many years later) when benefits are paid or provided. However, in current practice most OPEB plans are financed on a pay-as-you-go basis, and financial statements generally do not report the financial effects of OPEB until the promised benefits are paid. As a result, current financial reporting generally fails to:

- Recognize the *cost* of benefits in periods when the related services are received by the employer
- Provide information about the *actuarial accrued liabilities* for promised benefits associated with past services and whether and to what extent those benefits have been funded
- Provide information useful in assessing potential demands on the employer's future cash flows.

This Statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

Summary of Standards

Measurement (the Parameters)

Employers that participate in *single-employer* or *agent multiple-employer defined benefit* OPEB plans (sole and agent employers) are required to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting. Annual OPEB cost is equal to the employer's annual required contribution to the plan (ARC), with certain adjustments if the employer has a net OPEB obligation for past under- or over contributions.

The ARC is defined as the employer's required contributions for the year, calculated in accordance with certain parameters, and includes (a) the normal cost for the year and (b) a component for amortization of the total unfunded actuarial accrued liabilities (or funding excess) of the plan over a period not to exceed thirty years. The parameters include requirements for the frequency and timing of actuarial valuations as well as for the actuarial methods and assumptions that are acceptable for financial reporting. If the methods and assumptions used in determining a plan's funding requirements meet the parameters, the same methods and assumptions are required for financial reporting by both a plan and its participating employer(s). However, if a plan's method of financing does not meet the parameters (for example, the plan is financed on a pay-as-you-go basis), the parameters nevertheless apply for financial reporting purposes.

For financial reporting purposes, an actuarial valuation is required at least biennially for OPEB plans with a total membership (including employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits) of 200 or more, or at least triennially for plans with a total membership of fewer than 200. The projection of benefits should include all benefits covered by the current *substantive plan* (the plan as understood by the employer and plan members) at the time of each valuation and should take into consideration the pattern of sharing of benefit costs between the employer and plan members to that point, as well as certain legal or contractual caps on benefits to be provided. The parameters require that the selection of actuarial assumptions, including the *healthcare cost trend rate* for postemployment healthcare plans, be guided by applicable actuarial standards.

Alternative Measurement Method

A sole employer in a plan with fewer than one hundred total plan members (including employees in active service, terminated employees who have accumulated benefits but are not yet receiving the benefits and retirees and beneficiaries currently receiving benefits) has the option to apply a simplified *alternative measurement method* instead of obtaining actuarial valuations. The option also is available to an agent employer with fewer than one hundred plan members, in circumstances in which the *employer's* use of the alternative measurement method would not conflict with a requirement that the *agent multiple-employer plan* obtain an actuarial valuation for plan reporting purposes. Those circumstances are:

The plan issues a financial report prepared in conformity with the requirements of Statement 43 but is not required to obtain an actuarial valuation because (a) the plan has fewer than one hundred total plan members (all employers) and is eligible to use the alternative measurement method, or (b) the plan is not administered as a qualifying trust, or equivalent arrangement, for which Statement 43 requires the presentation of actuarial information.

The plan does not issue a financial report prepared in conformity with the requirements of Statement 43.

This alternative method includes the same broad measurement steps as an actuarial valuation **(projecting future cash outlays for benefits, discounting projected benefits to present value, and** allocating the present value of benefits to periods using an actuarial cost method). However, it permits simplification of certain assumptions to make the method potentially usable by nonspecialists.

Net OPEB Obligation—Measurement

An employer's net OPEB obligation is defined as the cumulative difference between annual OPEB cost and the employer's contributions to a plan, including the OPEB liability or asset at transition, if any. (Because retroactive application of the measurement requirements of this Statement is not required, for most employers the OPEB liability at the beginning of the transition year will be zero.) An employer with a net OPEB obligation is required to measure annual OPEB cost equal to (a) the ARC, (b) one year's interest on the net OPEB obligation, and (c) an adjustment to the ARC to offset the effect of actuarial amortization of past under- or over contributions.

Financial Statement Recognition and Disclosure

Sole and agent employers should recognize OPEB expense in an amount equal to annual OPEB cost in government-wide financial statements and in the financial statements of proprietary funds and fiduciary funds from which OPEB contributions are made. OPEB expenditures should be recognized on a modified accrual basis in governmental fund financial statements. Net OPEB obligations, if any, including amounts associated with under- or over contributions from governmental funds, should be displayed as liabilities (or assets) in government-wide financial statements. Similarly, net OPEB obligations associated with proprietary or fiduciary funds from which contributions are made should be displayed as liabilities (or assets) in the financial statements of those funds.

Employers are required to disclose descriptive information about each defined benefit OPEB plan in which they participate, including the funding policy followed. In addition, sole and agent employers are required to disclose information about contributions made in comparison to annual OPEB cost, changes in the net OPEB obligation, the funded status of each plan as of the most recent actuarial valuation date, and the nature of the actuarial valuation process and significant methods and assumptions used. Sole and agent employers also are required to present *as RSI* a schedule of funding progress for the most recent valuation and the two preceding valuations, accompanied by notes regarding factors that significantly affect the identification of trends in the amounts reported.

Cost-Sharing Employers

Employers participating in *cost-sharing multiple-employer* plans that are administered as trusts, or equivalent arrangements, in which (a) employer contributions to the plan are irrevocable, (b) plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan, and (c) plan assets are legally protected from creditors of the employers or plan administrator, should report as cost-sharing employers. Employers participating in multiple-employer plans that do not meet those criteria instead are required to apply the requirements of this Statement that are applicable to agent employers.

Cost-sharing employers are required to recognize OPEB expense/expenditures for their *contractually required contributions* to the plan on the accrual or modified accrual basis, as applicable. Required disclosures include identification of the way that the contractually required contribution rate is determined (for example, by statute or contract or on an actuarially determined basis). Employers participating in a cost-sharing plan are required to present *as RSI* schedules of funding progress and employer contributions for the plan as a whole if a plan financial report, prepared in accordance with Statement 43, is not issued and made publicly available and the plan is not included in the financial report of a public employee retirement system or another entity.

Other Guidance

Employers that participate in *defined contribution* OPEB plans are required to recognize OPEB expense/expenditures for their required contributions to the plan and a liability for unpaid required contributions on the accrual or modified accrual basis, as applicable.

This Statement also includes guidance for employers that finance OPEB as insured benefits (as defined by this Statement) and for special funding situations.

Effective Dates and Transition

This Statement generally provides for prospective implementation—that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. Implementation is required in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. The definitions and cutoff points for that purpose are the same as those in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.* This Statement is effective for periods beginning after December 15, 2006 for *phase 1 governments* (those with total annual revenues of $100 million or more); after December 15, 2007 for *phase 2 governments* (those with total annual revenues of $10 million or more but less than $100 million); and after December 15, 2008 for *phase 3 governments* (those with total annual revenues of less than $10 million). Earlier implementation is encouraged.

Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities. Paragraphs 4 and 6 discuss the applicability of this Statement.

Attachment 3 – 2007 LEOFF Plan 1 Medical Benefits Report

Key Results, Assumptions and Background

The assumptions used by the Office of the State Actuary (OSA) to develop the medical liabilities are on pages 35-38 of the 2007 LEOFF 1 Medical Benefits Report, December 2007. The Full report is available at http://osa.leg.wa.gov/Actuarial_Services/OPEB/PDF_Docs/2007_LEOFF-1_Med_Study_Web.pdf.

Key Results

This section documents the key Governmental Accounting Standards Board Statement No. 45 (GASB 45) valuation and accounting results related to the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF 1) employer-provided medical benefits in Washington State. GASB 45 requires the following key measurements to be disclosed:

- **Actuarial Accrued Liability (AAL)** – The amount of subsidies expected to be paid to current retirees and current active members (future retirees) that have already been earned, measured in today's dollars. Also referred to as the GASB 45 liability.
- **Annual Required Contribution (ARC)** – The annual amount required under the actuarial cost method and funding policy for amortizing the unfunded actuarial accrued liability. It is made up of the normal cost (the amount earned in the next year) plus the amortization of the unfunded AAL.
- **Annual OPEB Cost** – The ARC plus the amortization of the Net OPEB Obligation (NOO; see next bullet point). The Annual OPEB Cost is the "expense" for financial reporting.
- **Net OPEB Obligation (NOO)** – The cumulative difference between the Annual OPEB Cost and actual employer contributions. The NOO is the "balance sheet liability" for financial reporting.

The table below shows these key measurements for the LEOFF 1 employers in Washington State. Please read the rest of the report for a detailed description of what these measures are, how they are calculated, and how they should be used. Please review the sensitivity analysis section for more information on how these numbers change with small changes in our assumptions.

GASB 45 Key Results (in thousands, 000)	
Actuarial Accrued Liability (AAL)	$1,745,427
Annual Required Contribution (ARC)	167,334
Annual OPEB Cost	167,334
Net OPEB Obligation (NOO) (9/30/2007)*	$85,961

**Estimated.*

Background

OPEB

Other Post-Employment Benefits (OPEB) are benefits that are provided to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, life, dental, vision, disability, and long-term care insurance. LEOFF 1 employers pay 100 percent of "necessary medical services" for LEOFF 1 retirees.

Necessary Medical Services

The medical benefit, set up under RCW 41.26.150(1), provides free medical and long-term care coverage for LEOFF 1 retirees. The statute reads as follows:

> *"Whenever any active member, or any member hereafter retired, on account of service, sickness, or disability, not caused or brought on by dissipation or abuse, of which the disability board shall be judge, is confined in any hospital or in home, and whether or not so confined, requires medical services, the employer shall pay for the active or retired member the necessary medical services not payable from some other source…."*

The last employer of a retired LEOFF 1 member is responsible for the full cost of any post retirement medical benefits.

Individual local disability boards administer the LEOFF 1 medical service expenses. Different boards interpret necessary medical services differently. For example, one board may deem dental costs as necessary, whereas another board may deem dental costs as quality of living and not reimburse the member for the costs.

Disability Boards

The disability boards' authority is established under RCW 41.26.150(1)(a)&(b). It outlines each disability board's discretionary power:

1. The power to determine whether an active employee has been disabled either in the line of duty or outside of duty.
2. The power to designate the medical services available to any sick or disabled member.

These disability boards were established before the creation of the LEOFF retirement system in 1970. However, more boards were created in 1970 to handle the membership expansion associated with the formation of LEOFF Plan 1. There are three types of disability boards:

1. First class cities (one board for police and one board for fire fighters)
2. Other large cities (one board for both police and fire fighters)
3. Counties (one board for both police and fire fighters)

The main difference between these board types is the makeup of the members of the board. However, the difference is slight and all of these boards have the same power and act similarly. Each board, regardless of type, uses its own discretion regarding which medical services are fully paid by its LEOFF 1 employers.

Insurance

Insurance allows the LEOFF 1 employers to control the volatility in annual medical service costs. For example, if a LEOFF 1 employer only has one retiree, the ongoing annual costs will vary widely depending on whether that retiree had a relatively healthy year or entered long-term care. When many employers group together in an insurance pool, they will be able to pay a steadier annual amount to offset medical service costs. The Legislature has approved of this practice by codifying it in RCW 41.26.150 (4):

> *"Any employer under this chapter, either singly, or jointly with any other such employer or employers through an association thereof…may provide for all or part of one or more plans of group hospitalization and medical aid insurance to cover any of its employees who are members of the Washington law enforcement officers' and fire fighters' retirement system, and/or retired former employees…through contracts with regularly constituted insurance carriers, with health maintenance organizations…or with health care service contractors…"*

The County Commissioners have established the Washington Counties Insurance Fund (WCIF). The Association of Washington Cities has established the Association of Washington Cities Employees Benefit Trust, which provides indemnity coverage as well as HMO coverage. The Washington Fire Commissioners Association also provides a plan with indemnity and HMO coverage. Most LEOFF 1 employers have joined their respective association's medical plans.

The remaining LEOFF 1 employers not opting to join their association's medical plan have several other options. Some obtain coverage through union health and welfare plans (e.g. Teamsters). Some contract through other individual insurance providers. Self-insurance is another viable option for large LEOFF 1 employers, which a number of the larger political subdivisions have opted for.

GASB Statements No. 43 and 45

In the past, these free medical services have not been projected and accounted for under an accrual basis. Accrual accounting is meant to match the timing between when something occurs and when it is accounted for. In this case, accrual accounting would match the expense to the year in which the benefits are earned by the member. Pay-as-you-go funding is when the contributions are made when the cost occurs (after retirement). This cost is expensed as the LEOFF 1 employers in Washington State pay the current year's medical expenses. However, the unfunded liability, the difference between what members are accruing and what the LEOFF 1 employers in Washington State have been paying, is growing and is not accounted for under the pay-as-you-go method. According to GASB, Statements No. 43 and 45 were created in an attempt to:

- Create financial transparency.
- Create better alignment between public and private sector accounting.

- Provide clarity among bargaining groups to show the true cost of benefits over time.
- Provide employers knowledge of the true cost of benefits over time.
- Provide investors knowledge of the true long-term liabilities.
- Show the decision-makers that a liability exists.

GASB Statement No. 43 requires disclosure of information related to the entire plan. In this case, since there is no state-wide plan, GASB does not require that a liability be calculated at the plan level. Instead, this report shows what the results would look like if all the LEOFF 1 employers were joined in one single plan. GASB 45 requires each employer to calculate its OPEB liability. Using the same methods and assumptions, the summation of all the individual LEOFF 1 employers should equal the results in this report for the state-wide liability. The individual LEOFF 1 employers who follow GAAP accounting will be responsible for GASB 45 reporting according to the table below. In addition to the overall liability, GASB requires that the ARC must be calculated. The ARC is the annual amount required under the actuarial cost method and funding policy for amortizing the Unfunded Actuarial Accrued Liability (UAAL). GASB does not require that LEOFF 1 employers actually contribute the ARC each year, just that it is recognized so that all stakeholders can see how adequately the liability is funded. When an employer must first report this liability is based on the size of the government's gross annual revenues in the fiscal year ending after June 15, 1999, according to the following table.

Gross Annual Revenues	Effective Dates
Over $100,000,000	First fiscal year beginning after 12/15/2006
$10,000,000 - $100,000,000	First fiscal year beginning after 12/15/2007
Under $10,000,000	First fiscal year beginning after 12/15/2008

In addition, as soon as an estimate of the GASB Actuarial Accrued Liability (AAL) is issued, it must be disclosed in every municipal Bond Prospectus. Rating agencies such as Moody's, Fitch, and Standard & Poor's will analyze the OPEB liabilities. Bond ratings, and the related cost of capital, may be impacted. However, the resulting analyses will not necessarily have a negative impact on ratings. These agencies will consider whether a plan is in place to manage these liabilities, look at the entity's ability to meet its budget, and analyze the size of the UAAL compared to payroll, budget, and tax base when making their determinations.

Actuarial Valuation

In order to determine the GASB 45 liabilities, an actuarial valuation must be performed. An actuarial valuation is a way to determine what benefits will be paid throughout the future lifetimes of current members and discount those payments back to the present. The result is the present value of future benefits. For example, if you had a dollar amount today, which equaled the present value of future benefits, that amount could be invested, accrue earnings during the current plan members' lifetimes, and be paid out in a benefit stream when the members are eligible. The total amount remaining when there are no more benefits being paid would be zero. In this case, the benefits being paid out are the medical service costs for the LEOFF 1 retirees.

An actuarial valuation takes inputs such as participant data (who is receiving the benefits), benefit provisions (what are the benefits), and assumptions (how do we expect the members and the economy to behave). Participant data records include the members' ages, membership service, plan selection, etc. Benefit provisions include the structure of the benefits that the members receive; in this case, the subsidies supporting retiree medical benefits. Assumptions include the interest rate (investment return), health care inflation rates, general inflation rates, decrement rates (termination, mortality etc.), participation rates, Medicare coverage, etc.

The inputs are taken and valued using an actuarial method. The method chosen will allocate costs between past and future plan membership service. Distinct actuarial methods will produce somewhat different allocations since each method allocates cost a little bit differently. The inputs and the method are put into valuation software to determine the liability and ARC. Essentially, the valuation software uses the inputs to determine when a benefit will be paid, how much the benefit will be, and how long it will be paid to each member. All of these benefits are then discounted back to today's dollars and summed to determine the present value of future benefits.

Funding Policy

In the past, these medical expenses were funded on a pay-as-you-go basis, meaning that employers would pay these costs as they occurred. This generally means today's taxpayers are paying for benefits that were accrued in the past. This funding policy is in conflict with the principle of intergenerational equity, which requires that a member's benefits be funded over the member's working lifetime. The idea is for the member's benefits to be paid by the taxpayers who benefit from that member's service, as opposed to making future taxpayers, who do not benefit from that member's service, pay for the member's benefits.

In the future, these liabilities can continue to be funded on a pay-as-you-go basis, or they can be pre-funded. If they continue to be funded on a pay-as-you-go basis, then a Net OPEB Obligation (NOO) will accrue as the annual contributions fall short of the ARC. The results are lower current contributions, a growing liability, and continued conflict with the principle of intergenerational equity. In addition, if a pay-as-you-go funding method is selected, there will be no assets to invest; therefore, the interest discount rate must be lower, in the range of 4 to 5 percent. A lower interest discount rate will mean the reported overall liability will be larger.

If, instead, these liabilities are fully pre-funded, then contributions equal to the ARC must be made annually and placed in an irrevocable trust. If the choice to fully pre-fund is made, then a NOO will not accrue. The results are larger current contributions, a lower unfunded liability, and adherence to the principle of intergenerational equity. In addition, if the choice is made to pre-fund, there will be assets to invest; the investment return applied to the liabilities will reflect the expected long-term yield of the assets used to finance the payment of the benefits. If these assets are invested similarly to those in a typical retirement plan, an interest discount rate in the range of 7 to 8 percent can be used. A higher interest discount rate will mean the reported overall liability will be smaller. It is important to note that creating a trust fund is a complicated process with many considerations. Such considerations include determining the level of pre-funding and weighing the idea that larger contributions will need to be made up front to benefit from lower contributions down the road.

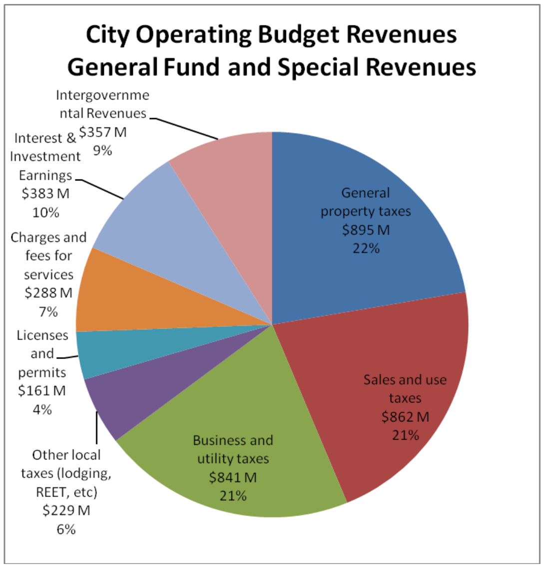
Another alternative is to choose a combination of the two funding policies. Partially prefunding the liabilities will allow for an interest discount rate of 5 to 7 percent. A NOO will accrue, but not as fast as under a pay-as-you-go funding method. Choosing this combination of funding methods allows for decision-makers to keep current contributions manageable, while still pre-funding part of the liability and being able to earn some investment returns from the assets.

Lastly, partial or full pre-funding could occur under a non-dedicated fund. Under this approach, future benefit payments would be partially offset by anticipated investment earnings. A NOO would still accrue, however, since GASB requires funding under an irrevocable and dedicated trust.

Attachment 4 – Employer Finance Data

City Finances Overview

The operating budget is the source that funds the majority of city services, such as public safety, parks and recreation, and planning. Property taxes, sales and use taxes and business and utility taxes are the three major revenue sources for cities. These three revenue sources account for approximately equal portions of two-thirds of city operating revenues.



Within the operating budget, some revenues are restricted by statute for specific purpose. Restricted revenues include the gas tax, impact fees, criminal justice sales tax, real estate excise taxes, and lodging taxes. Nearly one out of every six dollars in a city's operating budget is restricted for a specific purpose.

General purpose unrestricted revenues generally include property taxes, utility taxes, and the basic and optional sales taxes. However, city authority in terms of the amount at which most of these revenues can be levied is limited.

Source: State Auditor's Office Local Finance Report System, 2006

Property tax: Limited to increasing taxes no more than 1 percent annually, unless with voter approval

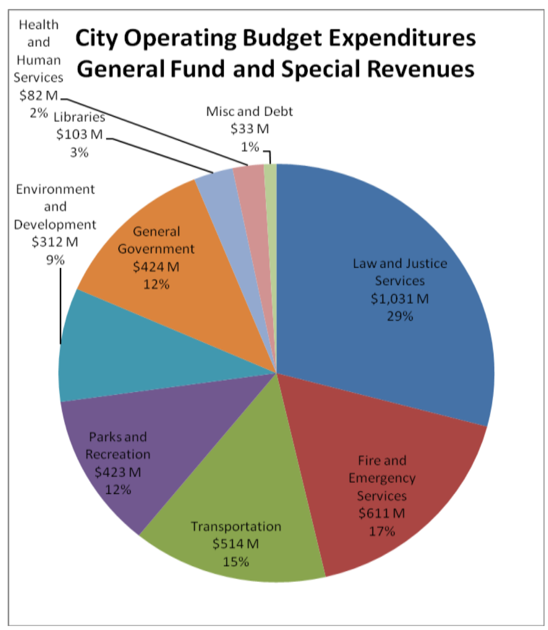
Utility tax: Limited to increasing taxes no more than 6 percent annually on electric, natural gas, steam energy, and telephone, unless with voter approval

Sales tax (basic and optional): Limited to increasing taxes no more than 1 percent annually (additional voter-approved optional sales taxes for limited purposes also exist)

Services funded from the operating budget generally include:

- Public safety
- Street maintenance
- Parks and recreation
- Planning
- Libraries

Source: State Auditor's Office Local Government Finance Reporting System, 2006



Expenditures for public safety comprise 46 percent of operating budget expenditures (general fund and special revenues), 62 percent of city general fund expenditures go towards public safety.

County Overview

Counties have statutory authority to impose 12 distinct taxes. Of these, only two can be used for any purpose. The remaining 10 are dedicated taxes that are restricted to the special purpose for which they were authorized. The two taxes which may be used for are Property and Local Sales Tax.

Property Tax and Banked Capacity

Under the terms of Initiative 747, reinstated by the Legislature in 2007, all property tax levies (including county and city levies) are limited to 1 percent growth each year. If a jurisdiction chooses not to exercise its option to increase their levy by 1 percent, they are allowed to “bank” that unused growth for the future. The banked capacity represents the total dollar amount of unused growth capacity that the jurisdiction can add to its current levy amount without voter approval.

Local Sales Tax

RCW 82.14.030 allows counties to levy a basic 0.5 percent sales and use tax rate, plus an optional tax at rates ranging from 0.1 percent to 0.5 percent. Currently, 36 counties levy the full 1 percent tax. Three counties - Asotin, Klickitat and Skamania - levy all of the basic and none of the optional tax. Clark County recently increased its optional tax from 0.3 percent to the full 0.5 percent allowed, and therefore, has no unused sales tax capacity.

Source: Washington State Association of Counties and Association of Washington Cities

Attachment 5 – LEOFF Plan 1 Active and Retired Member Data

Summary

LEOFF Plan 1 Employers												
Employer Type	Police Only			Fire Fighters Only			Police and Fire Fighters			Total Employers		
	Retired	Active	Total	Retired	Active	Total	Retired	Active	Total	Retired	Active	Total
First Class Cities	0	0	0	0	0	0	10	10	10	10	10	10
Other Cities	78	24	80	2	7	2	55	11	55	135	42	137
Counties	37	22	37	0	0	0	1	0	1	38	22	38
Fire Districts	0	0	0	58	15	58	0	0	0	58	15	58
Port Districts	0	0	0	5	3	5	0	0	0	5	3	5
Total	**115**	**46**	**117**	**65**	**25**	**65**	**66**	**21**	**66**	**246**	**92**	**248**

LEOFF Plan 1 Employees												
Employer Type	Police Only			Fire Fighters Only			Police and Fire Fighters			Total Employers		
	Retired	Active	Total	Retired	Active	Total	Retired	Active	Total	Retired	Active	Total
First Class Cities	0	0	0	0	0	0	3668	263	3931	3668	263	3931
Other Cities	198	31	212	5	29	5	1470	73	1589	1673	133	1806
Counties	1019	62	1078	0	0	0	58	0	61	1077	62	1139
Fire Districts	0	0	0	327	48	375	0	0	0	327	48	375
Port Districts	0	0	0	62	7	69	0	0	0	62	7	69
Total	**1217**	**93**	**1290**	**394**	**84**	**449**	**5196**	**336**	**5581**	**6807**	**513**	**7320**

Source: DRS Valuation Data as of 6/30/07

Employers with Retired and Active LEOFF Plan 1 Members

Detail Employee Data by Employer												
				Retired LEOFF Plan 1 Members			Active LEOFF Plan 1 Members			Total		
	Employer Name	Employer Type	Health Insurance	Police	Fire	Total Retired	Police	Fire	Total Active	Police	Fire	Total
1	ABERDEEN	FIRSTCTY	Trust	32	42	74	3	2	5	35	44	79
2	BELLINGHAM	FIRSTCTY	Trust	50	72	122	7	13	20	57	85	142
3	BREMERTON	FIRSTCTY	Trust	58	46	104	2	5	7	60	51	111
4	EVERETT	FIRSTCTY	TPA	90	123	213	8	9	17	98	132	230
5	RICHLAND	FIRSTCTY	TPA	40	36	76	1	3	4	41	39	80
6	SEATTLE	FIRSTCTY	Self	858	937	1,795	54	73	127	912	1,010	1,922
7	SPOKANE	FIRSTCTY	TPA	217	264	481	11	24	35	228	288	516
8	TACOMA	FIRSTCTY	TPA	232	288	520	15	19	34	247	307	554
9	VANCOUVER	FIRSTCTY		59	72	131	2	6	8	61	78	139
10	YAKIMA	FIRSTCTY	TPA	71	81	152	3	3	6	74	84	158
1	ALGONA	CITY	Trust	1		1				1		1
2	ANACORTES	CITY	Trust	7	11	18	4		4	11	11	22
3	ARLINGTON	CITY	Trust	6	2	8				6	2	8
4	AUBURN	CITY	Trust	42	23	65	1		1	43	23	66
5	BAINBRIDGE ISL	CITY	Trust	3		3				3		3
6	BATTLE GROUND	CITY	Trust	3		3				3		3
7	BELLEVUE	CITY	TPA	71	53	124	5	18	23	76	71	147
8	BLACK DIAMOND	CITY	Trust	2		2				2		2
9	BLAINE	CITY	Trust	4		4	1		1	5		5
10	BONNEY LAKE	CITY	Trust	1		1				1		1
11	BOTHELL	CITY	Trust	5	16	21				5	16	21
12	BREWSTER	CITY		4		4				4		4
13	BRIER	CITY	Trust	2		2				2		2
14	BUCKLEY	CITY	Trust	4	1	5				4	1	5
15	BURLINGTON	CITY	Trust	3		3	1		1	4		4
16	CAMAS	CITY	Trust	10	3	13	1		1	11	3	14
17	CASTLE ROCK	CITY		2		2				2		2
18	CENTRALIA	CITY	Trust	14	16	30	2		2	16	16	32
19	CHEHALIS	CITY	Trust	11	9	20				11	9	20

Detail Employee Data by Employer												
				Retired LEOFF Plan 1 Members			Active LEOFF Plan 1 Members			Total		
	Employer Name	Employer Type	Health Insurance	Police	Fire	Total Retired	Police	Fire	Total Active	Police	Fire	Total
20	CHELAN	CITY	Trust	5		5				5		5
21	CHENEY	CITY	Trust	5	6	11				5	6	11
22	CHEWELAH	CITY	Trust	2		2				2		2
23	CLARKSTON	CITY	Trust	7	5	12	1		1	8	5	13
24	CLE ELUM	CITY		1		1				1		1
25	CLYDE HILL	CITY	Trust	3		3				3		3
26	COLFAX	CITY	Trust	1	1	2				1	1	2
27	COLLEGE PLACE	CITY	Trust				1		1	1		1
28	COLVILLE	CITY	Trust	1		1	1		1	2		2
29	CONCRETE	CITY	Trust	2		2				2		2
30	COULEE DAM	CITY	Trust	1		1				1		1
31	COUPEVILLE	CITY	Trust	1		1				1		1
32	DARRINGTON	CITY	Trust	1		1				1		1
33	DAYTON	CITY	Trust	4		4				4		4
34	DES MOINES	CITY	Trust	6		6				6		6
35	E WENATCHEE	CITY	Trust	2		2	1		1	3		3
36	EDMONDS	CITY	Trust	27	12	39				27	12	39
37	ELLENSBURG	CITY		11	17	28				11	17	28
38	ELMA	CITY	Trust	3		3				3		3
39	ENUMCLAW	CITY	Trust	8		8				8		8
40	EPHRATA	CITY	Trust	3	1	4				3	1	4
41	EVERSON	CITY	Trust	1		1				1		1
42	FERNDALE	CITY	Trust	4		4				4		4
43	FIFE	CITY	Trust	5		5	1		1	6		6
44	FIRCREST	CITY	Trust	3		3				3		3
45	FORKS	CITY	Trust	3		3				3		3
46	GIG HARBOR	CITY	Trust	4		4				4		4
47	GOLDENDALE	CITY	Trust	4		4				4		4
48	GRAND COULEE	CITY					1		1	1		1
49	GRANDVIEW	CITY	Trust	7	1	8	1		1	8	1	9
50	GRANGER	CITY		2		2				2		2

Detail Employee Data by Employer												
				Retired LEOFF Plan 1 Members			Active LEOFF Plan 1 Members			Total		
	Employer Name	Employer Type	Health Insurance	Police	Fire	Total Retired	Police	Fire	Total Active	Police	Fire	Total
51	GRANITE FALLS	CITY	Trust	1		1				1		1
52	HOQUIAM	CITY	Trust	16	20	36	1	2	3	17	22	39
53	ISSAQUAH	CITY	Trust	7	2	9				7	2	9
54	KELSO	CITY	Trust	9	14	23	2		2	11	14	25
55	KENNEWICK	CITY	TPA	23	27	50		3	3	23	30	53
56	KENT	CITY	TPA	30	37	67	4	4	8	34	41	75
57	KETTLE FALLS	CITY	Trust	1		1				1		1
58	KIRKLAND	CITY	Trust	26	12	38	2		2	28	12	40
59	LACEY	CITY	Trust	14		14	1		1	15		15
60	LAKE FOREST PK	CITY	Trust	2		2				2		2
61	LONG BEACH	CITY	Trust	2		2				2		2
62	LONGVIEW	CITY	Trust	32	40	72	1	1	2	33	41	74
63	LYNDEN	CITY	Trust	2		2	1		1	3		3
64	LYNNWOOD	CITY	Trust	26	23	49		2	2	26	25	51
65	MARYSVILLE	CITY	Trust	10	1	11				10	1	11
66	MCCLEARY	CITY	Trust	2		2				2		2
67	MEDICAL LAKE	CITY	Trust	1		1				1		1
68	MEDINA	CITY	Trust	4		4				4		4
69	MERCER ISLAND	CITY	Trust	26	12	38	1		1	27	12	39
70	MILL CREEK	CITY	Trust	1		1				1		1
71	MILTON	CITY	Trust	4		4				4		4
72	MONROE	CITY	Trust	4	1	5				4	1	5
73	MONTESANO	CITY	Trust	1	2	3				1	2	3
74	MOSES LAKE	CITY	Trust	10	10	20	1	1	2	11	11	22
75	MOUNT VERNON	CITY	TPA	9	14	23	1	2	3	10	16	26
76	MOUNTLAKE TERRACE	CITY	Trust	22	8	30				22	8	30
77	MUKILTEO	CITY	Trust	1	1	2				1	1	2
78	NAPAVINE	CITY	Trust	1		1				1		1
79	NEWPORT	CITY	Trust	1		1				1		1
80	NORMANDY PK	CITY	Trust		1	1				0	1	1

Detail Employee Data by Employer												
				Retired LEOFF Plan 1 Members			Active LEOFF Plan 1 Members			Total		
	Employer Name	Employer Type	Health Insurance	Police	Fire	Total Retired	Police	Fire	Total Active	Police	Fire	Total
81	OAK HARBOR	CITY	Trust	3		3	2		2	5		5
82	OCEAN SHORES	CITY	Trust	6	3	9				6	3	9
83	OKANOGAN	CITY	Trust	1		1				1		1
84	OLYMPIA	CITY	Trust	32	41	73	6	4	10	38	45	83
85	OMAK	CITY	Trust	3	1	4				3	1	4
86	OROVILLE	CITY	Trust	1		1				1		1
87	OTHELLO	CITY	Trust	7	2	9	1		1	8	2	10
88	PALOUSE	CITY	Trust	1		1				1		1
89	PASCO	CITY	TPA	21	19	40		6	6	21	25	46
90	POMEROY	CITY	Trust	1		1				1		1
91	PORT ANGELES	CITY	Trust	18	15	33				18	15	33
92	PORT ORCHARD	CITY	Trust	6		6				6		6
93	PORT TOWNSEND	CITY	Trust	6	4	10				6	4	10
94	POULSBO	CITY		3		3				3		3
95	PROSSER	CITY	Trust	6		6				6		6
96	PULLMAN	CITY	Trust	11	5	16		3	3	11	8	19
97	PUYALLUP	CITY		21	22	43		3	3	21	25	46
98	QUINCY	CITY		2		2	1		1	3		3
99	RAYMOND	CITY	Trust	1	5	6				1	5	6
100	REDMOND	CITY	Trust	14	13	27	1	4	5	15	17	32
101	RENTON	CITY		54	43	97		11	11	54	54	108
102	RITZVILLE	CITY	Trust	1		1				1		1
103	ROY	CITY	Trust	1		1				1		1
104	RUSTON	CITY	Trust	1		1				1		1
105	S BEND	CITY	Trust	3		3				3		3
106	SEATAC	CITY	Trust		4	4				0	4	4
107	SEDRO WOOLLEY	CITY	Trust	8		8	1		1	9		9
108	SELAH	CITY		3		3				3		3
109	SEQUIM	CITY	Trust	2		2				2		2
110	SHELTON	CITY	Trust	6	8	14				6	8	14
111	SNOHOMISH	CITY	Trust	4	1	5				4	1	5

Detail Employee Data by Employer												
				Retired LEOFF Plan 1 Members			Active LEOFF Plan 1 Members			Total		
	Employer Name	Employer Type	Health Insurance	Police	Fire	Total Retired	Police	Fire	Total Active	Police	Fire	Total
112	SNOQUALMIE	CITY	Trust	2		2				2		2
113	SOAP LAKE	CITY	Trust	1		1				1		1
114	STANWOOD	CITY	Trust	1		1				1		1
115	STEILACOOM	CITY	Trust	1		1				1		1
116	SULTAN	CITY	Trust	2		2				2		2
117	SUMAS	CITY	Trust	1		1				1		1
118	SUMNER	CITY	Trust	5	5	10				5	5	10
119	SUNNYSIDE	CITY	Trust	9	4	13	1		1	10	4	14
120	TEKOA	CITY	Trust	1		1				1		1
121	TENINO	CITY	Trust	2		2				2		2
122	TONASKET	CITY	Trust	1		1				1		1
123	TOPPENISH	CITY	Trust	5	4	9				5	4	9
124	TUKWILA	CITY	TPA	14	25	39	1	5	6	15	30	45
125	TUMWATER	CITY	Trust	8	7	15		1	1	8	8	16
126	UNION GAP	CITY	Trust	3		3	1		1	4		4
127	W RICHLAND	CITY	Trust	3		3				3		3
128	WALLA WALLA	CITY	Trust	18	47	65	5	1	6	23	48	71
129	WAPATO	CITY	Trust	3	1	4				3	1	4
130	WARDEN	CITY	Trust	1		1				1		1
131	WASHOUGAL	CITY	Trust	2	2	4				2	2	4
132	WENATCHEE	CITY	Trust	19	22	41	2	3	5	21	25	46
133	WESTPORT	CITY		1		1				1		1
134	WHITE SALMON	CITY	Trust	3		3				3		3
135	WOODLAND	CITY	Trust	3		3				3		3
136	YACOLT	CITY	Trust	1		1				1		1
137	YELM	CITY	Trust	1		1				1		1
1	ADAMS CO	COUNTY		3		3	1		1	4		4
2	ASOTIN CO	COUNTY		2		2				2		2
3	BENTON CO	COUNTY		20		20	1		1	21		21
4	CHELAN CO	COUNTY		25		25				25		25
5	CLALLAM CO	COUNTY		11		11	1		1	12		12

Detail Employee Data by Employer												
				Retired LEOFF Plan 1 Members			Active LEOFF Plan 1 Members			Total		
	Employer Name	Employer Type	Health Insurance	Police	Fire	Total Retired	Police	Fire	Total Active	Police	Fire	Total
6	CLARK CO	COUNTY		57	1	58	3		3	60	1	61
7	COLUMBIA CO	COUNTY		1		1				1		1
8	COWLITZ CO	COUNTY		25		25	3		3	28		28
9	DOUGLAS CO	COUNTY		6		6				6		6
10	FERRY CO	COUNTY		1		1				1		1
11	FRANKLIN CO	COUNTY		10		10	2		2	12		12
12	GRANT CO	COUNTY		23		23	1		1	24		24
13	GRAYS HARBOR CO	COUNTY		19		19	3		3	22		22
14	ISLAND CO	COUNTY		12		12				12		12
15	JEFFERSON CO	COUNTY		7		7	2		2	9		9
16	KING CO	COUNTY		321		321	13		13	334		334
17	KITSAP CO	COUNTY		41		41	3		3	44		44
18	KITTITAS CO	COUNTY		12		12				12		12
19	KLICKITAT CO	COUNTY		8		8				8		8
20	LEWIS CO	COUNTY		24		24	1		1	25		25
21	LINCOLN CO	COUNTY		5		5				5		5
22	MASON CO	COUNTY		11		11	1		1	12		12
23	OKANOGAN CO	COUNTY		7		7				7		7
24	PACIFIC CO	COUNTY		9		9				9		9
25	PEND OREILLE CO	COUNTY		2		2				2		2
26	PIERCE CO	COUNTY		119		119	2		2	121		121
27	SAN JUAN CO	COUNTY		1		1	1		1	2		2
28	SKAGIT CO	COUNTY		14		14	1		1	15		15
29	SKAMANIA CO	COUNTY		7		7				7		7
30	SNOHOMISH CO	COUNTY		69		69	7		7	76		76
31	SPOKANE CO	COUNTY		86		86	8		8	94		94
32	STEVENS CO	COUNTY		7		7				7		7
33	THURSTON CO	COUNTY		24		24	2		2	26		26
34	WAHKIAKUM CO	COUNTY		2		2				2		2
35	WALLA WALLA CO	COUNTY		6		6	3		3	9		9

Detail Employee Data by Employer												
				Retired LEOFF Plan 1 Members			Active LEOFF Plan 1 Members			Total		
	Employer Name	Employer Type	Health Insurance	Police	Fire	Total Retired	Police	Fire	Total Active	Police	Fire	Total
36	WHATCOM CO	COUNTY		25		25	1		1	26		26
37	WHITMAN CO	COUNTY		7		7				7		7
38	YAKIMA CO	COUNTY		47		47	2		2	49		49
1	CHELAN CO FPD 01	FIREDIST			5	5					5	5
2	CLARK CO FPD 05	FIREDIST			9	9					9	9
3	CLARK CO FPD 06	FIREDIST			13	13		1	1		14	14
4	DOUGLAS FPD 02	FIREDIST			4	4		2	2		6	6
5	KING CO FPD 01	FIREDIST			2	2					2	2
6	KING CO FPD 02	FIREDIST			9	9					9	9
7	SHORELINE FD	FIREDIST			15	15					15	15
8	KING CO FPD 10	FIREDIST			9	9		1	1		10	10
9	N HIGHLINE FD	FIREDIST			8	8		2	2		10	10
10	KING CO FPD 16	FIREDIST			8	8					8	8
11	KING CO FPD 20	FIREDIST			2	2					2	2
12	KING CO FPD 24	FIREDIST			1	1					1	1
13	KING CO FPD 25	FIREDIST			3	3					3	3
14	KING CO FPD 26	FIREDIST			1	1					1	1
15	KING CO FPD 32	FIREDIST			1	1					1	1
16	KING CO FPD 37	FIREDIST			1	1					1	1
17	S KING FIRE/ RESCUE	FIREDIST			16	16		7	7		23	23
18	KING CO FPD 40	FIREDIST			3	3					3	3
19	KING CO FPD 43	FIREDIST			3	3					3	3
20	BAINBRIDGE ISLAND	FIREDIST			4	4					4	4
21	S KITSAP FIRE/RESCUE	FIREDIST			7	7		1	1		8	8
22	KITTITAS CO FPD 02	FIREDIST			3	3					3	3
23	MASON CO FPD 02	FIREDIST			2	2					2	2
24	PIERCE CO FPD 02	FIREDIST			20	20		12	12		32	32
25	PIERCE CO FPD 03	FIREDIST			6	6		2	2		8	8

Detail Employee Data by Employer												
				Retired LEOFF Plan 1 Members			Active LEOFF Plan 1 Members			Total		
	Employer Name	Employer Type	Health Insurance	Police	Fire	Total Retired	Police	Fire	Total Active	Police	Fire	Total
26	PIERCE CO FPD 05	FIREDIST			5	5					5	5
27	PIERCE CO FPD 06	FIREDIST			6	6		2	2		8	8
28	PIERCE CO FPD 07	FIREDIST			1	1					1	1
29	PIERCE CO FPD 09	FIREDIST			4	4					4	4
30	SNOHOMISH 01	FIREDIST			16	16		7	7		23	23
31	SPOKANE CO 01	FIREDIST			74	74		4	4		78	78
32	SPOKANE CO 03	FIREDIST			1	1					1	1
33	SPOKANE CO 09	FIREDIST			6	6					6	6
34	THURSTON FPD 03	FIREDIST			9	9					9	9
35	THURSTON FPD 09	FIREDIST			5	5					5	5
36	WALLA WALLA 04	FIREDIST			1	1					1	1
37	YAKIMA CO FPD 05	FIREDIST			5	5					5	5
38	COWLITZ CO 02	FIREDIST			1	1					1	1
39	GRANT CO FPD 03	FIREDIST			3	3					3	3
40	GRANT CO FPD 05	FIREDIST			1	1					1	1
41	LEWIS CO FPD 12	FIREDIST			3	3		1	1		4	4
42	PIERCE CO FPD 10	FIREDIST			1	1					1	1
43	PIERCE CO FPD 21	FIREDIST			2	2					2	2
44	MARYSVILLE FD 12	FIREDIST			3	3		1	1		4	4
45	CENTRAL KITSAP FIRE & RESCUE	FIREDIST			5	5					5	5
46	WOODINVILLE FIRE-LIFE SAFETY	FIREDIST			3	3					3	3
47	CLARK CO FPD 03	FIREDIST			3	3					3	3
48	CLARK CO FPD 04	FIREDIST			1	1					1	1
49	CLARK CO FPD 11	FIREDIST			1	1					1	1
50	N WHATCOM FIRE & RESCUE	FIREDIST			1	1					1	1
51	WHATCOM FPD 07	FIREDIST			1	1					1	1
52	SNOHOMISH 11	FIREDIST			4	4					4	4
53	BENTON CO 01	FIREDIST			1	1		1	1		2	2
54	THURSTON FPD 11	FIREDIST			1	1					1	1

Detail Employee Data by Employer												
				Retired LEOFF Plan 1 Members			Active LEOFF Plan 1 Members			Total		
	Employer Name	Employer Type	Health Insurance	Police	Fire	Total Retired	Police	Fire	Total Active	Police	Fire	Total
55	SNOHOMISH 04	FIREDIST			1	1					1	1
56	SPOKANE CO 04	FIREDIST			1	1					1	1
57	WHATCOM FPD 03	FIREDIST			1	1					1	1
58	DOUGLAS-OKANOGAN FPD15	FIREDIST			1	1		4	4		5	5
1	MOSES LAKE PORT	PORT			4	4					4	4
2	SEATTLE PORT OF	PORT			34	34		3	3		37	37
3	WALLA WALLA REGIONAL AIRPT	PORT			3	3					3	3
4	SPOKANE INTL. AIRPORT	PORT			17	17		3	3		20	20
5	SNOHOMISH CO AIRPORT	PORT			4	4		1	1		5	5
	Grand Total			3,751	3,056	6,807	227	286	513	3,978	3,342	7,320

Attachment 6 –Pre-LEOFF Active and Retired Member Data

Summary

There are 56 active pre-LEOFF members employed by 20 different employers. The 20 employers with active Pre-LEOFF members also have retired LEOFF Plan 1 members.

Employers with Pre-LEOFF Active Members (Summary)				
Employer Type	Police Only	Fire Fighters Only	Police and Fire Fighters	Total Number of Employers
First Class Cities	0	1	2	3
Other Cities	4	4	0	8
Counties	6	0	0	6
Fire Districts	0	1	0	1
Port Districts	0	2	0	2
Total	10	8	2	20

There are 4,187 Pre-LEOFF retirees that were employed by 186 different employers. These retirees include service, disability and duty-disability; they do not include survivor beneficiaries

Employers with Pre-LEOFF Retirees (Summary)				
Employer Type	Police Only	Fire Fighters Only	Both Police and Fire Fighters	Total Number of Employers
First Class Cities	0	0	10	10
Other Cities	46	10	40	96
Counties	35	0	0	35
Fire Districts	0	40	0	40
Port Districts	0	5	0	5
Total	81	55	50	186

Source: DRS Valuation Data as of 6/30/07 checked against DRS source data

Detail - Pre-LEOFF Retired and Active Members

			Retired Pre-LEOFF Members			Active Pre-LEOFF Members			Total		
	Employer Name	Employer Type	Police	Fire Fighters	Total Retired	Police	Fire Fighters	Total Active	Police	Fire Fighters	Total
1	ABERDEEN	FIRSTCTY	16	29	45	0	0	0	16	29	45
2	BELLINGHAM	FIRSTCTY	28	43	71	0	0	0	28	43	71
3	BREMERTON	FIRSTCTY	33	31	64	0	0	0	33	31	64
4	EVERETT	FIRSTCTY	58	97	155	0	0	0	58	97	155
5	RICHLAND	FIRSTCTY	24	27	51	0	0	0	24	27	51
6	SEATTLE	FIRSTCTY	713	695	1408	19	9	28	732	704	1436
7	SPOKANE	FIRSTCTY	140	173	313	1	5	6	141	178	319
8	TACOMA	FIRSTCTY	146	177	323	0	3	3	146	180	326
9	VANCOUVER	FIRSTCTY	30	39	69	0	0	0	30	39	69
10	YAKIMA	FIRSTCTY	43	52	95	0	0	0	43	52	95
1	ALGONA	CITY	1	0	1	0	0	0	1	0	1
2	ANACORTES	CITY	5	7	12	0	0	0	5	7	12
3	ARLINGTON	CITY	3	0	3	0	0	0	3	0	3
4	AUBURN	CITY	30	14	44	0	0	0	30	14	44
5	BAINBRIDGE ISLAND	CITY	0	0	0	0	0	0	0	0	0
6	BATTLE GROUND	CITY	0	0	0	0	0	0	0	0	0
7	BELLEVUE	CITY	45	30	75	0	1	1	45	31	76
8	BLACK DIAMOND	CITY	1	0	1	0	0	0	1	0	1
9	BLAINE	CITY	2	0	2	0	0	0	2	0	2
10	BONNEY LAKE	CITY	0	0	0	0	0	0	0	0	0
11	BOTHELL	CITY	4	5	9	0	0	0	4	5	9
12	BREWSTER	CITY	1	0	1	0	0	0	1	0	1
13	BRIER	CITY	1	0	1	0	0	0	1	0	1
14	BUCKLEY	CITY	2	1	3	0	0	0	2	1	3
15	BURLINGTON	CITY	0	0	0	0	0	0	0	0	0
16	CAMAS	CITY	6	3	9	0	0	0	6	3	9
17	CASTLE ROCK	CITY	0	0	0	0	0	0	0	0	0
18	CENTRALIA	CITY	7	12	19	0	0	0	7	12	19
19	CHEHALIS	CITY	4	5	9	0	0	0	4	5	9
20	CHELAN	CITY	2	0	2	0	0	0	2	0	2
21	CHENEY	CITY	0	3	3	0	0	0	0	3	3

			Retired Pre-LEOFF Members			Active Pre-LEOFF Members			Total		
	Employer Name	Employer Type	Police	Fire Fighters	Total Retired	Police	Fire Fighters	Total Active	Police	Fire Fighters	Total
22	CHEWELAH	CITY	1	0	1	0	0	0	1	0	1
23	CLARKSTON	CITY	1	1	2	0	0	0	1	1	2
24	CLE ELUM	CITY	0	0	0	0	0	0	0	0	0
25	CLYDE HILL	CITY	1	0	1	0	0	0	1	0	1
26	COLFAX	CITY	0	1	1	0	0	0	0	1	1
27	COLLEGE PLACE	CITY	0	0	0	0	0	0	0	0	0
28	COLVILLE	CITY	0	0	0	1	0	1	1	0	1
29	CONCRETE	CITY	1	0	1	0	0	0	1	0	1
30	COULEE DAM	CITY	0	0	0	0	0	0	0	0	0
31	COUPEVILLE	CITY	0	0	0	0	0	0	0	0	0
32	DARRINGTON	CITY	0	0	0	0	0	0	0	0	0
33	DAYTON	CITY	0	0	0	0	0	0	0	0	0
34	DES MOINES	CITY	3	0	3	0	0	0	3	0	3
35	E WENATCHEE	CITY	0	0	0	0	0	0	0	0	0
36	EDMONDS	CITY	21	7	28	0	0	0	21	7	28
37	ELLENSBURG	CITY	8	9	17	0	0	0	8	9	17
38	ELMA	CITY	0	0	0	0	0	0	0	0	0
39	ENUMCLAW	CITY	4	0	4	0	0	0	4	0	4
40	EPHRATA	CITY	1	1	2	0	0	0	1	1	2
41	EVERSON	CITY	0	0	0	0	0	0	0	0	0
42	FERNDALE	CITY	2	0	2	0	0	0	2	0	2
43	FIFE	CITY	0	0	0	0	0	0	0	0	0
44	FIRCREST	CITY	1	0	1	0	0	0	1	0	1
45	FORKS	CITY	2	0	2	0	0	0	2	0	2
46	GIG HARBOR	CITY	2	0	2	0	0	0	2	0	2
47	GOLDENDALE	CITY	3	0	3	0	0	0	3	0	3
48	GRAND COULEE	CITY	0	0	0	0	0	0	0	0	0
49	GRANDVIEW	CITY	4	1	5	0	0	0	4	1	5
50	GRANGER	CITY	0	0	0	0	0	0	0	0	0
51	GRANITE FALLS	CITY	1	0	1	0	0	0	1	0	1
52	HOQUIAM	CITY	6	14	20	1	0	1	7	14	21
53	ISSAQUAH	CITY	1	0	1	0	0	0	1	0	1

			Retired Pre-LEOFF Members			Active Pre-LEOFF Members			Total		
	Employer Name	Employer Type	Police	Fire Fighters	Total Retired	Police	Fire Fighters	Total Active	Police	Fire Fighters	Total
54	KELSO	CITY	3	11	14	0	0	0	3	11	14
55	KENNEWICK	CITY	12	15	27	0	0	0	12	15	27
56	KENT	CITY	15	22	37	0	1	1	15	23	38
57	KETTLE FALLS	CITY	0	0	0	0	0	0	0	0	0
58	KIRKLAND	CITY	13	6	19	1	0	1	14	6	20
59	LACEY	CITY	10	0	10	0	0	0	10	0	10
60	LAKE FOREST PARK	CITY	0	0	0	0	0	0	0	0	0
61	LONG BEACH	CITY	1	0	1	0	0	0	1	0	1
62	LONGVIEW	CITY	17	24	41	0	0	0	17	24	41
63	LYNDEN	CITY	2	0	2	0	0	0	2	0	2
64	LYNNWOOD	CITY	11	4	15	0	0	0	11	4	15
65	MARYSVILLE	CITY	2	1	3	0	0	0	2	1	3
66	MCCLEARY	CITY	0	0	0	0	0	0	0	0	0
67	MEDICAL LAKE	CITY	0	0	0	0	0	0	0	0	0
68	MEDINA	CITY	4	0	4	0	0	0	4	0	4
69	MERCER ISLAND	CITY	15	7	22	0	0	0	15	7	22
70	MILL CREEK	CITY	0	0	0	0	0	0	0	0	0
71	MILTON	CITY	3	0	3	0	0	0	3	0	3
72	MONROE	CITY	0	1	1	0	0	0	0	1	1
73	MONTESANO	CITY	0	1	1	0	0	0	0	1	1
74	MOSES LAKE	CITY	6	5	11	0	0	0	6	5	11
75	MOUNT VERNON	CITY	3	7	10	0	0	0	3	7	10
76	MOUNTLAKE TERRACE	CITY	11	2	13	0	0	0	11	2	13
77	MUKILTEO	CITY	1	0	1	0	0	0	1	0	1
78	NAPAVINE	CITY	0	0	0	0	0	0	0	0	0
79	NEWPORT	CITY	0	0	0	0	0	0	0	0	0
80	NORMANDY PARK	CITY	0	1	1	0	0	0	0	1	1
81	OAK HARBOR	CITY	1	0	1	0	0	0	1	0	1
82	OCEAN SHORES	CITY	0	1	1	0	0	0	0	1	1
83	OKANOGAN	CITY	0	0	0	0	0	0	0	0	0
84	OLYMPIA	CITY	15	30	45	0	0	0	15	30	45
85	OMAK	CITY	1	0	1	0	0	0	1	0	1

			Retired Pre-LEOFF Members			Active Pre-LEOFF Members			Total		
	Employer Name	Employer Type	Police	Fire Fighters	Total Retired	Police	Fire Fighters	Total Active	Police	Fire Fighters	Total
86	OROVILLE	CITY	0	0	0	0	0	0	0	0	0
87	OTHELLO	CITY	3	1	4	0	0	0	3	1	4
88	PALOUSE	CITY	0	0	0	0	0	0	0	0	0
89	PASCO	CITY	10	12	22	0	1	1	10	13	23
90	POMEROY	CITY	0	0	0	0	0	0	0	0	0
91	PORT ANGELES	CITY	11	10	21	0	0	0	11	10	21
92	PORT ORCHARD	CITY	3	0	3	0	0	0	3	0	3
93	PORT TOWNSEND	CITY	3	4	7	0	0	0	3	4	7
94	POULSBO	CITY	1	0	1	0	0	0	1	0	1
95	PROSSER	CITY	3	0	3	0	0	0	3	0	3
96	PULLMAN	CITY	7	1	8	0	1	1	7	2	9
97	PUYALLUP	CITY	10	13	23	0	0	0	10	13	23
98	QUINCY	CITY	2	0	2	0	0	0	2	0	2
99	RAYMOND	CITY	0	4	4	0	0	0	0	4	4
100	REDMOND	CITY	4	3	7	0	0	0	4	3	7
101	RENTON	CITY	36	28	64	0	0	0	36	28	64
102	RITZVILLE	CITY	1	0	1	0	0	0	1	0	1
103	ROY	CITY	0	0	0	0	0	0	0	0	0
104	RUSTON	CITY	1	0	1	0	0	0	1	0	1
105	S BEND	CITY	2	0	2	0	0	0	2	0	2
106	SEATAC	CITY	0	1	1	0	0	0	0	1	1
107	SEDRO WOOLLEY	CITY	4	0	4	0	0	0	4	0	4
108	SELAH	CITY	1	0	1	0	0	0	1	0	1
109	SEQUIM	CITY	1	0	1	0	0	0	1	0	1
110	SHELTON	CITY	4	5	9	0	0	0	4	5	9
111	SNOHOMISH	CITY	1	0	1	0	0	0	1	0	1
112	SNOQUALMIE	CITY	0	0	0	0	0	0	0	0	0
113	SOAP LAKE	CITY	0	0	0	0	0	0	0	0	0
114	STANWOOD	CITY	0	0	0	0	0	0	0	0	0
115	STEILACOOM	CITY	0	0	0	0	0	0	0	0	0
116	SULTAN	CITY	2	0	2	0	0	0	2	0	2
117	SUMAS	CITY	1	0	1	0	0	0	1	0	1

			Retired Pre-LEOFF Members			Active Pre-LEOFF Members			Total		
	Employer Name	Employer Type	Police	Fire Fighters	Total Retired	Police	Fire Fighters	Total Active	Police	Fire Fighters	Total
118	SUMNER	CITY	3	2	5	0	0	0	3	2	5
119	SUNNYSIDE	CITY	3	2	5	0	0	0	3	2	5
120	TEKOA	CITY	0	0	0	0	0	0	0	0	0
121	TENINO	CITY	0	0	0	0	0	0	0	0	0
122	TONASKET	CITY	0	0	0	0	0	0	0	0	0
123	TOPPENISH	CITY	0	2	2	0	0	0	0	2	2
124	TUKWILA	CITY	7	13	20	0	0	0	7	13	20
125	TUMWATER	CITY	3	0	3	0	0	0	3	0	3
126	UNION GAP	CITY	0	0	0	0	0	0	0	0	0
127	W RICHLAND	CITY	1	0	1	0	0	0	1	0	1
128	WALLA WALLA	CITY	13	38	51	1	0	1	14	38	52
129	WAPATO	CITY	2	0	2	0	0	0	2	0	2
130	WARDEN	CITY	0	0	0	0	0	0	0	0	0
131	WASHOUGAL	CITY	0	2	2	0	0	0	0	2	2
132	WENATCHEE	CITY	11	16	27	0	0	0	11	16	27
133	WESTPORT	CITY	1	0	1	0	0	0	1	0	1
134	WHITE SALMON	CITY	2	0	2	0	0	0	2	0	2
135	WOODLAND	CITY	1	0	1	0	0	0	1	0	1
136	YACOLT	CITY	0	0	0	0	0	0	0	0	0
137	YELM	CITY	0	0	0	0	0	0	0	0	0
1	ADAMS CO	COUNTY	1	0	1	0	0	0	1	0	1
2	ASOTIN CO	COUNTY	1	0	1	0	0	0	1	0	1
3	BENTON CO	COUNTY	10	0	10	0	0	0	10	0	10
4	CHELAN CO	COUNTY	14	0	14	0	0	0	14	0	14
5	CLALLAM CO	COUNTY	4	0	4	0	0	0	4	0	4
6	CLARK CO	COUNTY	25	0	25	1	0	1	26	0	26
7	COLUMBIA CO	COUNTY	0	0	0	0	0	0	0	0	0
8	COWLITZ CO	COUNTY	13	0	13	0	0	0	13	0	13
9	DOUGLAS CO	COUNTY	3	0	3	0	0	0	3	0	3
10	FERRY CO	COUNTY	0	0	0	0	0	0	0	0	0
11	FRANKLIN CO	COUNTY	4	0	4	0	0	0	4	0	4
12	GRANT CO	COUNTY	0	0	0	1	0	1	1	0	1

			Retired Pre-LEOFF Members			Active Pre-LEOFF Members			Total		
	Employer Name	Employer Type	Police	Fire Fighters	Total Retired	Police	Fire Fighters	Total Active	Police	Fire Fighters	Total
13	GRAYS HARBOR CO	COUNTY	11	0	11	0	0	0	11	0	11
14	ISLAND CO	COUNTY	6	0	6	0	0	0	6	0	6
15	JEFFERSON CO	COUNTY	4	0	4	2	0	2	6	0	6
16	KING CO	COUNTY	182	0	182	1	0	1	183	0	183
17	KITSAP CO	COUNTY	17	0	17	0	0	0	17	0	17
18	KITTITAS CO	COUNTY	7	0	7	0	0	0	7	0	7
19	KLICKITAT CO	COUNTY	3	0	3	0	0	0	3	0	3
20	LEWIS CO	COUNTY	11	0	11	0	0	0	11	0	11
21	LINCOLN CO	COUNTY	1	0	1	0	0	0	1	0	1
22	MASON CO	COUNTY	2	0	2	0	0	0	2	0	2
23	OKANOGAN CO	COUNTY	2	0	2	0	0	0	2	0	2
24	PACIFIC CO	COUNTY	4	0	4	0	0	0	4	0	4
25	PEND OREILLE CO	COUNTY	1	0	1	0	0	0	1	0	1
26	PIERCE CO	COUNTY	63	0	63	0	0	0	63	0	63
27	SAN JUAN CO	COUNTY	0	0	0	0	0	0	0	0	0
28	SKAGIT CO	COUNTY	8	0	8	0	0	0	8	0	8
29	SKAMANIA CO	COUNTY	2	0	2	0	0	0	2	0	2
30	SNOHOMISH CO	COUNTY	34	0	34	0	0	0	34	0	34
31	SPOKANE CO	COUNTY	41	0	41	1	0	1	42	0	42
32	STEVENS CO	COUNTY	5	0	5	0	0	0	5	0	5
33	THURSTON CO	COUNTY	7	0	7	0	0	0	7	0	7
34	WAHKIAKUM CO	COUNTY	1	0	1	0	0	0	1	0	1
35	WALLA WALLA CO	COUNTY	3	0	3	1	0	1	4	0	4
36	WHATCOM CO	COUNTY	13	0	13	0	0	0	13	0	13
37	WHITMAN CO	COUNTY	3	0	3	0	0	0	3	0	3
38	YAKIMA CO	COUNTY	16	0	16	0	0	0	16	0	16
1	CHELAN CO FPD 01	FIREDIST	0	1	1	0	0	0	0	1	1
2	CLARK CO FPD 05	FIREDIST	0	5	5	0	0	0	0	5	5
3	CLARK CO FPD 06	FIREDIST	0	5	5	0	0	0	0	5	5
4	DOUGLAS CO FPD 02	FIREDIST	0	2	2	0	0	0	0	2	2
5	KING CO FPD 01	FIREDIST	0	1	1	0	0	0	0	1	1
6	KING CO FPD 02	FIREDIST	0	6	6	0	0	0	0	6	6

			Retired Pre-LEOFF Members			Active Pre-LEOFF Members			Total		
	Employer Name	Employer Type	Police	Fire Fighters	Total Retired	Police	Fire Fighters	Total Active	Police	Fire Fighters	Total
7	SHORELINE FD	FIREDIST	0	7	7	0	0	0	0	7	7
8	KING CO FPD 10	FIREDIST	0	4	4	0	0	0	0	4	4
9	N HIGHLINE FD	FIREDIST	0	6	6	0	0	0	0	6	6
10	KING CO FPD 16	FIREDIST	0	2	2	0	0	0	0	2	2
11	KING CO FPD 20	FIREDIST	0	2	2	0	0	0	0	2	2
12	KING CO FPD 24	FIREDIST	0	1	1	0	0	0	0	1	1
13	KING CO FPD 25	FIREDIST	0	1	1	0	0	0	0	1	1
14	KING CO FPD 26	FIREDIST	0	0	0	0	0	0	0	0	0
15	KING CO FPD 32	FIREDIST	0	1	1	0	0	0	0	1	1
16	KING CO FPD 37	FIREDIST	0	1	1	0	0	0	0	1	1
17	S KING FIRE & RESCUE	FIREDIST	0	10	10	0	0	0	0	10	10
18	KING CO FPD 40	FIREDIST	0	1	1	0	0	0	0	1	1
19	KING CO FPD 43	FIREDIST	0	2	2	0	0	0	0	2	2
20	BAINBRIDGE ISLAND	FIREDIST	0	0	0	0	0	0	0	0	0
21	S KITSAP FIRE/RESCUE	FIREDIST	0	1	1	0	0	0	0	1	1
22	KITTITAS CO FPD 02	FIREDIST	0	1	1	0	0	0	0	1	1
23	MASON CO FPD 02	FIREDIST	0	0	0	0	2	2	0	2	2
24	PIERCE CO FPD 02	FIREDIST	0	12	12	0	0	0	0	12	12
25	PIERCE CO FPD 03	FIREDIST	0	4	4	0	0	0	0	4	4
26	PIERCE CO FPD 05	FIREDIST	0	0	0	0	0	0	0	0	0
27	PIERCE CO FPD 06	FIREDIST	0	3	3	0	0	0	0	3	3
28	PIERCE CO FPD 07	FIREDIST	0	0	0	0	0	0	0	0	0
29	PIERCE CO FPD 09	FIREDIST	0	3	3	0	0	0	0	3	3
30	SNOHOMISH CO 01	FIREDIST	0	4	4	0	0	0	0	4	4
31	SPOKANE CO FPD 01	FIREDIST	0	37	37	0	0	0	0	37	37
32	SPOKANE CO FPD 03	FIREDIST	0	1	1	0	0	0	0	1	1
33	SPOKANE CO FPD 09	FIREDIST	0	2	2	0	0	0	0	2	2
34	THURSTON CO FPD 03	FIREDIST	0	2	2	0	0	0	0	2	2
35	THURSTON CO FPD 09	FIREDIST	0	2	2	0	0	0	0	2	2
36	WALLA WALLA CO 04	FIREDIST	0	0	0	0	0	0	0	0	0
37	YAKIMA CO FPD 05	FIREDIST	0	2	2	0	0	0	0	2	2
38	COWLITZ CO FPD 02	FIREDIST	0	0	0	0	0	0	0	0	0

			Retired Pre-LEOFF Members			Active Pre-LEOFF Members			Total		
	Employer Name	Employer Type	Police	Fire Fighters	Total Retired	Police	Fire Fighters	Total Active	Police	Fire Fighters	Total
39	GRANT CO FPD 03	FIREDIST	0	2	2	0	0	0	0	2	2
40	GRANT CO FPD 05	FIREDIST	0	1	1	0	0	0	0	1	1
41	LEWIS CO FPD 12	FIREDIST	0	0	0	0	0	0	0	0	0
42	PIERCE CO FPD 10	FIREDIST	0	0	0	0	0	0	0	0	0
43	PIERCE CO FPD 21	FIREDIST	0	0	0	0	0	0	0	0	0
44	MARYSVILLE FD 12	FIREDIST	0	1	1	0	0	0	0	1	1
45	CENTRAL KITSAP FIRE & RESCUE	FIREDIST	0	0	0	0	0	0	0	0	0
46	WOODINVILLE FIRE-LIFE SAFETY	FIREDIST	0	1	1	0	0	0	0	1	1
47	CLARK CO FPD 03	FIREDIST	0	1	1	0	0	0	0	1	1
48	CLARK CO FPD 04	FIREDIST	0	0	0	0	0	0	0	0	0
49	CLARK CO FPD 11	FIREDIST	0	1	1	0	0	0	0	1	1
50	N WHATCOM FIRE & RESCUE	FIREDIST	0	0	0	0	0	0	0	0	0
51	WHATCOM CO FPD 07	FIREDIST	0	1	1	0	0	0	0	1	1
52	SNOHOMISH CO 11	FIREDIST	0	0	0	0	0	0	0	0	0
53	BENTON CO FPD 01	FIREDIST	0	1	1	0	0	0	0	1	1
54	THURSTON CO FPD 11	FIREDIST	0	0	0	0	0	0	0	0	0
55	SNOHOMISH CO 04	FIREDIST	0	1	1	0	0	0	0	1	1
56	SPOKANE CO FPD 04	FIREDIST	0	0	0	0	0	0	0	0	0
57	WHATCOM CO FPD 03	FIREDIST	0	0	0	0	0	0	0	0	0
58	DOUGLAS-OKANOGAN CO FPD 15	FIREDIST	0	0	0	0	0	0	0	0	0
1	MOSES LAKE PORT OF	PORT	0	3	3	0	0	0	0	3	3
2	SEATTLE PORT OF	PORT	0	20	20	0	1	1	0	21	21
3	WALLA WALLA REGIONAL AIRPT	PORT	0	3	3	0	0	0	0	3	3
4	SPOKANE INTL. AIRPORT	PORT	0	11	11	0	1	1	0	12	12
5	SNOHOMISH CO AIRPORT	PORT	0	2	2	0	0	0	0	2	2
	Grand Total		2234	1953	4187	31	25	56	2265	1978	4243

Attachment 7 – Glossary

Actives

Members who are currently employed.

Actuarial Accrued Liability (AAL)

Computed differently under different funding methods, the actuarial accrued liability generally represents the portion of the present value of fully projected benefits attributable to service credit that has been earned (or accrued) as of the valuation date.

Annual Required Contributions (ARC)

Annual required contribution: refers to a GASB disclosure requirement. The ARC is the annual contribution that will fund the current active and inactive members' subsidies by the end of their working lifetimes. It can be calculated as a level dollar amount or a percent of payroll on a year to year basis.

Actuarial Valuation Report (AVR)

Created annually to monitor the state's pension plans.

Funded Ratio

The ratio of a plan's assets to its liabilities. There are several acceptable methods of measuring a plan's assets and liabilities. In financial reporting, funded status is reported using consistent measures by all governmental entities. According to GASB, the funded ratio is the actuarial value of assets divided by the actuarial accrued liability calculated under PUC.

Governmental Accounting Standards Board (GASB)

Refers to the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting to the public.

Inactive

Retired members or terminated members entitled to a benefit.

Normal Cost

Computed differently under different funding methods, the normal cost generally represents the portion of the cost of projected benefits allocated to the current plan year.

Other Post-Employment Benefits (OPEB)

Refers to benefits offered to retirees besides a pension and includes, among other benefits, prescription drug insurance, dental insurance, and long-term care insurance.

Present Value of Fully Projected Benefits (PVFB)

Computed by projecting the total future benefit cash flows from the plan, using actuarial assumptions (i.e., probability of death, retirement, salary increases, etc.), and discounting the cash flows to the valuation date using the assumed valuation interest rate.

Projected Unit Credit (PUC) Funding Method

The PUC funding method is a standard actuarial funding method. The annual cost of benefits under PUC is comprised of two components:

- Normal cost; plus
- Amortization of unfunded actuarial accrued liability.

The PUC normal cost is the estimated present value of projected benefits to be earned in the current plan year.

Unfunded Actuarial Accrued Liability (UAAL)

The excess, if any, of the actuarial accrued liability (AAL) over the actuarial value of assets. In other words, the present value of benefits earned to date that is not covered by plan assets.

Source: How the 1 Percent Property Tax Limit Works", Washington State Department of Revenue

Attachment 8 - Study Group Signatures

LEOFF 1 Medical Benefits Phase One
Study Group

Name	Organization	Signature
Bill Kantor	LEOFF Plan 1 Retiree	
Dan Downs	Member LEOFF 1 Coalition	
Dick Warbrouck	President Retired Fire Fighters of WA	
Jerry Taylor	President, Retired Seattle Police Officers' Assoc	
Jim Justin	Government Relations Assoc of WA Cities	
Joe Fischnaller	Attorney	
John Caulfield	City Manager Mount Lake Terrace	
Kelly Fox	President WA State Council of Fire Fighters	
Ken Crowder	Executive Board Member WA Council of Police & Sheriffs	
Mark Curtis	Vice President LEOFF 1 Coalition	
Paul Pearce	Commissioner Skamania County	
Randy Plain	Director Retired Fire Fighters of WA	