



SCHEDULE A

THE HEALTH CARE PLAN OF TRANSYLVANIA COUNTY
RESULTS OF DECEMBER 31, 2010 ACTUARIAL VALUATION

MEMBERSHIP	
<i>Active Members</i>	
<i>Law Enforcement Officers</i>	
Number	16
Annual Compensation	\$ 866,998
<i>General Employees</i>	
Number	38
Annual Compensation	\$ 1,803,977
<i>Retired Members</i>	
Number	15

VALUATION BALANCE SHEET	
<i>Accrued Actuarial Liabilities</i>	
Present value of benefits (based on credited service to date) payable in respect of:	
(1) Present retired members and beneficiaries	\$ 1,003,842
(2) Present active members	<u>2,453,868</u>
(3) Total accrued actuarial liabilities [(1)+(2)]	\$ 3,457,710
<i>Present and Prospective Assets</i>	
(4) Present assets	\$ 0
(5) Present value of future accrued liability contributions (Unfunded accrued liability) [(3)-(4)]	<u>3,457,710</u>
(6) Total present and prospective assets	\$ 3,457,710



SCHEDULE A
(continued)

ANNUAL REQUIRED CONTRIBUTION (ARC)

	<i>Rate as % of Compensation</i>	<i>Annual Amount</i>
Normal Cost	4.11%	\$ 109,687
Accrued Liability	<u>7.97%</u>	<u>212,822</u>
Total	12.08%	\$ 322,509



SCHEDULE A
(continued)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at December 31, 2010. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level Dollar Amount, closed
Remaining amortization period	25 years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	4.00%
Medical cost trend rate	10.50% - 5.00%
Year of Ultimate trend rate	2018
*Includes inflation at	3.00%

The assumed investment rate of return reflects the fact that no assets are set aside within Transylvania County that are legally held exclusively for retiree health benefits. If a trust or equivalent arrangement were set up for this purpose, the investment rate of return may be increased.



SCHEDULE B

THE HEALTH CARE PLAN OF TRANSYLVANIA COUNTY

**ACCOUNTING INFORMATION IN ACCORDANCE WITH GOVERNMENTAL
ACCOUNTING STANDARDS BOARD STATEMENTS NO. 43 AND 45**

Annual OPEB Cost and Net OPEB Obligation for Fiscal Year Ending 6/30/2012

(a) Employer Annual Required Contribution	\$ 322,509
(b) Valuation Discount Rate	4.00%
(c) Interest on Net OPEB Obligation: (b) * (i)	11,752
(d) Amortization Factor	28.9774
(e) Adjustment to Annual Required Contribution: (i) / (d)	10,139
(f) Annual OPEB Cost: (a) + (c) - (e)	\$ 324,122
(g) Employer Contributions made for Fiscal Year Ending 6/30/2012	TBD
(h) Increase (decrease) in Net OPEB Obligation: (f) - (g)	TBD
(i) Net OPEB Obligation Beginning of Fiscal Year	293,797
(j) Net OPEB Obligation End of Fiscal Year: (h) + (i)	TBD

Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 186,824	47.7%	\$ 89,121
6/30/2010	\$ 186,824	44.7%	\$ 192,536
6/30/2011	\$ 187,291	45.9%	\$ 293,797
6/30/2012	\$ 324,122	TBD	TBD

***The historical information displayed above was provided by the County's June 30, 2010 Comprehensive Annual Financial Report.*

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
		Projected Unit Credit (b)	Projected Unit Credit (b)				
12/31/2008	\$ 0	\$ 2,732,561	\$ 2,732,561	\$ 2,732,561	0.0%	\$ 2,961,340	92.3%
12/31/2010	\$ 0	\$ 3,457,710	\$ 3,457,710	\$ 3,457,710	0.0%	\$ 2,670,975	129.5%



SCHEDULE C
(continued)

DEATHS AFTER RETIREMENT: Healthy: According to the RP-2000 Healthy Annuitant Mortality table with Projection Scale AA from 2004 set forward two years for male general employees, all law enforcement officers, and unadjusted for female general employees. Disabled: According to the RP-2000 Mortality tables for disabled annuitants set back six years for males and set forward one year for females.

ASSET VALUATION METHOD: Market value.

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions.

Year	Trend
2011	10.50%
2012	9.50%
2013	8.50%
2014	7.50%
2015	6.50%
2016	6.00%
2017	5.50%
2018 and beyond	5.00%

AGE RELATED MORBIDITY: Per capita costs are adjusted to reflect expected cost changes related to age. The increase to the net incurred claims was assumed to be:

Participant Age	Annual Increase
<30	0.0%
30 – 34	1.0%
35 – 39	1.5%
40 – 44	2.0%
45 – 49	2.6%
50 – 54	3.3%
55 – 59	3.6%
60 – 64	4.2%
65 and over	0.0%



SCHEDULE C
(continued)

ANTICIPATED PLAN PARTICIPATION: Representative values of the assumed annual rates of member participation and spouse coverage are as follows:

<u>Years of Service</u> <u>At Retirement</u>	<u>Minimum Age</u> <u>At Retirement</u>	<u>Participation</u>
15 – 19	60	20.00%
20 – 29	55	90.00%
30 or more	N/A	100.00%
Spouse Coverage		35.00%

Wives are assumed to be four years younger than husbands.

ANNUAL EXPECTED MEDICAL/RX/DENTAL/VISION CLAIMS (AGE ADJUSTED TO AGE 65): The claims were developed using premiums, which were assumed to cover the true cost. Following is a chart detailing expected claims age adjusted to age 65 for the year following the valuation date:

Pre-65	\$10,612
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ACTUARIAL METHOD: Costs were determined using the Projected Unit Credit Actuarial Cost Method. The annual service cost is the present value of the portion of the projected benefit attributable to participation service during the upcoming year, and the Actuarial Accrued Liability (AAL) is equal to the present value of the portion of the projected benefit attributable to service before the valuation date. Service from hire date through full retirement eligibility date was used in allocating costs.

BENEFITS VALUED: Medical, drug, dental, and vision benefits for retirees under age 65.



SCHEDULE D

**THE HEALTH CARE PLAN OF TRANSYLVANIA COUNTY
SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**

Benefits

Eligibility for Allowance

Employees with 10 years of service as of July 1, 2006 who elected the retiree medical plan option and who retire from Transylvania County with at least 50% of their service time with Transylvania County who also meet the North Carolina Local Governmental Employees' Retirement System (NCLGERS) retirement conditions and meet one of the following eligibility conditions are able to participate in the County's group insurance plan at retirement.

- (1) A minimum of 30 years of service
- (2) Age 55 and completion of 20 years of service
- (3) Age 60 and completion of 15 years of service

Amount of Allowance

The County will contribute to the cost of retiree insurance premiums based on the years of service at retirement using the following schedule:

Years of Service at Retirement	Minimum Age	County Contribution
30 or more	None	100%
20 or more	55	80%
15 or more	60	60%

Other Post Employment Benefits

Health care, prescription drug, dental and vision coverage are provided in the County's group health insurance plan to eligible retirees until they become eligible for Medicare.

Dependent Coverage

The retiree may continue dependent coverage (and pay the full cost of this coverage) if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates upon the spouse becoming eligible for Medicare (attaining age 65) or upon the retirees' death, whichever occurs first.



SCHEDULE D
(Continued)

Current Monthly Premiums

The following is the basis of retiree premiums by tier. The effective date of coverage is July 1, 2011:

Tier	Retiree Cost Basis
Employee	\$ 480.83
Employee/Children	730.23
Employee/Spouse	988.35
Employee/Family	1,366.95