



**City of Belvedere
Retiree Healthcare Plan**

BARTEL
ASSOCIATES, LLC

June 30, 2018 GASBS 75 Accounting Information
As of Measurement Date June 30, 2017
Based on the June 30, 2017 Actuarial Valuation

Marilyn Oliver, Vice President
Kevin Yang, Actuarial Analyst
Katherine Moore, Associate Actuary
Bartel Associates, LLC

July 23, 2018

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Applicable Dates

Applicable Dates and Periods

	2017/18 Employer Fiscal Year
■ Measurement Date	June 30, 2017
■ Measurement Period	July 1, 2016 to June 30, 2017
■ Actuarial valuation date	June 30, 2017

Update procedures were used to roll back the total OPEB liability from the valuation date (June 30, 2017) to the prior measurement date (June 30, 2016).

Note Disclosures

Plan Information

Fiscal Year End	June 30, 2018
■ Plan Type	Single Employer
■ OPEB Trust	No
■ Special Funding Situation	No
■ Nonemployer Contribution Entities	None

Note Disclosures

Covered Employees

At June 30, 2017, the measurement date, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
■ Inactives currently receiving benefits	9
■ Inactives entitled to benefit payments	5
■ Active employees	20
■ Total	34

Note Disclosures

Total OPEB Liability

(Amounts in 000's)

	Fiscal Year Ending	
	6/30/18	6/30/17
■ Measurement Date	6/30/17	6/30/16
■ Total OPEB Liability (TOL)	\$ 1,229	\$ 1,274

Note Disclosures

Changes in Total OPEB Liability

(Amounts in 000's)

	Total OPEB Liability
■ Balance at 6/30/17*	\$ 1,274
■ Changes for the year	
● Service Cost	72
● Interest	38
● Difference between actual and expected experience	-
● Assumption changes	(126)
● Contributions - employer	-
● Contributions - employee	-
● Net investment income	-
● Benefit payments**	(29)
● Administrative expenses	-
■ Net Changes	(45)
■ Balance at 6/30/18***	1,229

* Measurement date 6/30/16 *** Measurement date 6/30/17

** Includes \$24 for cash benefit payments and \$5 for implied subsidy benefit payments



Note Disclosures

Sensitivity of Total OPEB Liability

(Amounts in 000's)

■ **Changes in the Discount Rate**

	Discount Rate		
	2.58% (1% Decrease)	3.58% (Current Rate)	4.58% (1% Increase)
■ Total OPEB Liability	\$ 1,407	\$ 1,229	\$ 1,084

■ **Changes in the Healthcare Trend Rate**

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
■ Total OPEB Liability	\$ 1,072	\$ 1,229	\$ 1,423



Note Disclosures

OPEB Expense for Fiscal Year

(Amounts in 000's)

	2017/18
■ OPEB Expense	\$ 81

See slide 18 for OPEB expense detail, which is not required disclosure.

Note Disclosures

Deferred Outflows/Inflows Balances at June 30, 2018

(Amounts in 000's)

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience	\$ -	\$ -
■ Changes of assumptions	-	97
■ Employer contributions made subsequent to the measurement date*	36	-
■ Total	36	97

* Includes \$31 estimate provided by City for cash subsidy benefit payments and \$5 for implied subsidy benefit payments made subsequent to the measurement date (6/30/17) and before the fiscal year end (6/30/18).

Note Disclosures

**Recognition of Deferred Outflows and Inflows of Resources
in Future OPEB Expense**

(Amounts in 000's)

FYE June 30	Deferred Outflows/(Inflows) of Resources
■ 2019	\$ (29)
■ 2020	(29)
■ 2021	(29)
■ 2022	(10)
■ 2023	-
■ Thereafter	-

Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2017 Measurement Date
■ Actuarial Valuation Date	■ June 30, 2017
■ Contribution Policy	■ No pre-funding
■ Discount Rate	■ 3.58% at June 30, 2017 Bond Buyer 20 Index
	■ 2.85% at June 30, 2016 Bond Buyer 20 Index
■ Expected Long-Term Rate of Return on Investments	■ n/a
■ General Inflation	■ 2.75% per annum
■ Mortality, Retirement, Disability, Termination	■ CalPERS 1997-2015 Experience Study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-17

Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2017 Measurement Date
■ Medical Trend	<ul style="list-style-type: none"> ■ Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years ■ Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years
■ PEMHCA Minimum Increase	■ 4.25% annually after 2019
■ Medical Participation at Retirement	<ul style="list-style-type: none"> ■ Currently covered – 60% ■ Currently waived – 0%
■ Medical Plan at Retirement	■ Same as current election

Required Supplementary Information

Schedule of Changes in Total OPEB Liability

(Amounts in 000's)

	Fiscal Year 2017/18
■ Changes in Total OPEB Liability	
● Service Cost	\$ 72
● Interest	38
● Difference between actual and expected experience	-
● Assumption changes	(126)
● Benefit payments including refunds	(29)
● Changes of benefit terms	-
■ Net Changes	(45)
■ Total OPEB Liability (beginning of year)	1,274
■ Total OPEB Liability (end of year)	1,229

Required Supplementary Information

Schedule of Changes in Total OPEB Liability

(Amounts in 000's)

	Fiscal Year 2017/18
■ Total OPEB Liability/(Asset)	\$ 1,229
■ Covered employee payroll*	2,263
■ Total OPEB Liability as a percentage of covered employee payroll	54.3%

* Provided by City for the 12 month period ending on June 30, 2017 (Measurement Date).



Actuarial Certification

This report presents City of Belvedere Retiree Healthcare Plan 2018 disclosure under Governmental Accounting Standards Board Statement No. 75 (GASBS 75).

The report provides information intended for reporting under GASBS 75, but may not be appropriate for other purposes. Information provided in this report may be useful to the City for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions and participant data provided by the City as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness. As permitted under GASBS 75, the total OPEB liability has been calculated from the June 30, 2017 actuarial valuation.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASBS 75. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

Marilyn Oliver, FSA, MAAA, EA, FCA
Vice President
Bartel Associates, LLC
July 23, 2018

Katherine Moore, ASA, MAAA
Associate Actuary
Bartel Associates, LLC
July 23, 2018



Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2018

Differences between Expected and Actual Experience

(Amounts in 000's)

Meas. Period	Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Balances of Deferred June 30, 2018	
				17/18	18/19	19/20	20/21	21/22	22/23	23/24+	Outflows	Inflows
16/17	17/18	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total				-	-	-	-	-	-	-	-	-

Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2018

Changes of Assumptions

(Amounts in 000's)

Meas. Period	Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Balances of Deferred June 30, 2018	
				17/18	18/19	19/20	20/21	21/22	22/23	23/24+	Outflows	Inflows
16/17	17/18	\$ (126)	4.3	\$ (29)	\$ (29)	\$ (29)	\$ (29)	\$ (10)	\$ -	\$ -	\$ -	\$ (97)
Total				(29)	(29)	(29)	(29)	(10)	-	-	-	(97)

Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2018

Grand Total

(Amounts in 000's)

Meas. Period	Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Balances of Deferred June 30, 2018	
				17/18	18/19	19/20	20/21	21/22	22/23	23/24+	Outflows	Inflows
16/17	17/18	\$(126)	4.3	\$ (29)	\$ (29)	\$ (29)	\$ (29)	\$ (10)	\$ -	\$ -	\$ -	\$ (97)
Total				(29)	(29)	(29)	(29)	(10)	-	-	-	(97)

Supporting Calculations

Components of GASBS 75 OPEB Expense

(Amounts in 000's)

	Fiscal Year 2017/18
■ Service Cost	\$ 72
■ Interest on Total OPEB Liability	38
■ Projected earning on investments	-
■ Employee contributions	-
■ Administrative expense	-
■ Change in benefits	
■ Recognition of deferred outflows/inflows	
● Experience	-
● Assumptions	(29)
● Asset returns	-
■ OPEB Expense	81

Supporting Calculations

Components of GASBS 75 OPEB Expense
Calculation of Interest on Total OPEB Liability

(Amounts in 000's)

	Dollar Amount	Discount Rate	Portion of Year	Interest
■ Total OPEB Liability	\$ 1,274	2.85%	100%	\$ 36
■ Service Cost	72	2.85%	100%	2
■ Benefit payments	(29)	2.85%	50%	-
■ Total Interest				38

Supporting Calculations

GASBS 75 Balance Equation

(Amounts in 000's)

	Fiscal Year Ending	
	6/30/17	6/30/18
■ Measurement date	6/30/16	6/30/17
■ Total OPEB Liability	\$ 1,274	\$ 1,229
■ Fiduciary Net Position	-	-
■ Net OPEB Liability	1,274	1,229
■ Deferred inflows of resources	-	97
■ Deferred outflows of resources	-	-
■ Balance Sheet	1,274	1,326

Check:

■ Balance Sheet 6/30/17	\$ 1,274
● OPEB Expense	81
● Contributions	(29)
■ Balance Sheet 6/30/18	1,326

APPENDIX – ACTUARIAL OBLIGATIONS

Actuarial Obligations – June 30, 2017

(Amounts in 000's)

Actuarial Obligations	Cash Subsidy	Implied Subsidy	Total Subsidy
■ Discount Rate	3.58%	3.58%	3.58%
■ Present Value of Benefits			
● Actives	\$ 557	\$ 441	\$ 998
● Retirees	<u>650</u>	<u>63</u>	<u>713</u>
● Total	1,207	504	1,711
■ Actuarial Accrued Liability			
● Actives	294	222	516
● Retirees	<u>650</u>	<u>63</u>	<u>713</u>
● Total	944	285	1,229
■ 2017/18 Normal Cost	36	29	65
■ 2017/18 Pay-As-You-Go Cost	35	5	40

APPENDIX – ACTUARIAL OBLIGATIONS

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APPENDIX – SUMMARY OF OPEB PLAN PROVISIONS

<p>■ Eligibility</p>	<p>■ Retire directly from City under CalPERS</p> <ul style="list-style-type: none"> ● Service – Age 50¹ & 5 years CalPERS service, or ● Disability 																
<p>■ Retiree Medical Benefit</p>	<p>■ City contributes PEMHCA minimum for retirees participating in PEMHCA medical plan:</p> <table border="0"> <thead> <tr> <th align="left"><u>Year</u></th> <th align="left"><u>PEMHCA Minimum</u></th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>\$ 128</td> </tr> <tr> <td>2018</td> <td>133</td> </tr> <tr> <td>2019</td> <td>136</td> </tr> <tr> <td>2020+</td> <td>Increase at CPI-U Medical</td> </tr> </tbody> </table> <p>■ City contributions for City Managers capped at 60% of the pre-Medicare Kaiser 2-Party rate.</p> <table border="0"> <thead> <tr> <th align="left"><u>Year</u></th> <th align="left"><u>Cap</u></th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>\$ 880.07</td> </tr> <tr> <td>2018</td> <td>935.83</td> </tr> </tbody> </table>	<u>Year</u>	<u>PEMHCA Minimum</u>	2017	\$ 128	2018	133	2019	136	2020+	Increase at CPI-U Medical	<u>Year</u>	<u>Cap</u>	2017	\$ 880.07	2018	935.83
<u>Year</u>	<u>PEMHCA Minimum</u>																
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<u>Year</u>	<u>Cap</u>																
2017	\$ 880.07																
2018	935.83																
<p>■ Surviving Spouse Benefit</p>	<p>■ Surviving spouse coverage based on retirement plan election</p> <p>■ Same benefit continues to surviving spouse</p>																

¹ 52 for Miscellaneous PEPRAs.

APPENDIX – SUMMARY OF OPEB PLAN PROVISIONS

<p>■ Other OPEB</p>	<p>■ No dental, vision, life insurance or Medicare reimbursement</p>
<p>■ Implied Subsidy</p>	<p>■ Participating retirees pay active rates vs actual cost</p> <p>■ Implied subsidy included in valuation</p>

APPENDIX – SUMMARY OF OPEB PLAN PROVISIONS

2017 PEMHCA Monthly Premiums
Bay Area

Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$783.46	\$1,566.92	\$2,037.00	n/a	n/a	n/a
Anthem Traditional	990.05	1,980.10	2,574.13	n/a	n/a	n/a
Blue Shield Access+	1,024.85	2,049.70	2,664.61	n/a	n/a	n/a
HealthNet SmartCare	733.29	1,466.58	1,906.55	n/a	n/a	n/a
Kaiser	733.39	1,466.78	1,906.81	\$300.48	\$600.96	\$901.44
UnitedHealthcare	1,062.26	2,124.52	2,761.88	324.21	648.42	972.63
PERS Choice	830.30	1,660.60	2,158.78	353.63	707.26	1,060.89
PERS Select	736.27	1,472.54	1,914.30	353.63	707.26	1,060.89
PERSCare	932.39	1,864.78	2,424.21	389.76	779.52	1,169.28
PORAC	699.00	1,467.00	1,876.00	464.00	924.00	1,477.00

APPENDIX – SUMMARY OF OPEB PLAN PROVISIONS

2018 PEMHCA Monthly Premiums
Bay Area

Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$856.41	\$1,712.82	\$2,226.67	n/a	n/a	n/a
Anthem Traditional	925.47	1,850.94	2,406.22	\$370.34	\$740.68	\$1,111.02
Blue Shield	889.02	1,778.04	2,311.45	n/a	n/a	n/a
Health Net SmartCare	863.48	1,726.96	2,245.05	n/a	n/a	n/a
Kaiser	779.86	1,559.72	2,027.64	316.34	632.68	949.02
UnitedHealthcare	1,371.84	2,743.68	3,566.78	330.76	661.52	992.28
Western Health Adv.	792.56	1,585.12	2,060.66	n/a	n/a	n/a
PERS Choice	800.27	1,600.54	2,080.70	345.97	691.94	1,037.91
PERS Select	717.50	1,435.00	1,865.50	345.97	691.94	1,037.91
PERSCare	882.45	1,764.90	2,294.37	382.30	764.60	1,146.90
PORAC	734.00	1,540.00	1,970.00	487.00	970.00	1,551.00

APPENDIX – COMPLETE ACTUARIAL ASSUMPTIONS & METHODS

Actuarial Assumption	June 30, 2017 Valuation																																																							
■ Waived Retiree Re-election	■ 25% are assumed to elect PERS Choice at age 65																																																							
■ Medicare Eligibility	■ 100% ■ All Medicare eligible will elect Part B coverage																																																							
■ Medical Claims Costs	<p>■ Sample estimated 2018 monthly claims costs</p> <p align="center">Bay Area Region - Non-Medicare Eligible</p> <table border="1"> <thead> <tr> <th rowspan="2">Age</th> <th colspan="2">Kaiser</th> <th colspan="2">UnitedHealthcare</th> <th colspan="2">PERS Choice</th> </tr> <tr> <th>M</th> <th>F</th> <th>M</th> <th>F</th> <th>M</th> <th>F</th> </tr> </thead> <tbody> <tr> <td>25</td> <td>\$257</td> <td>\$505</td> <td>\$403</td> <td>\$792</td> <td>\$245</td> <td>\$402</td> </tr> <tr> <td>35</td> <td>336</td> <td>617</td> <td>528</td> <td>969</td> <td>363</td> <td>559</td> </tr> <tr> <td>45</td> <td>536</td> <td>648</td> <td>841</td> <td>1,017</td> <td>577</td> <td>632</td> </tr> <tr> <td>55</td> <td>895</td> <td>905</td> <td>1,404</td> <td>1,420</td> <td>853</td> <td>825</td> </tr> <tr> <td>60</td> <td>1,142</td> <td>1,068</td> <td>1,792</td> <td>1,677</td> <td>1,025</td> <td>948</td> </tr> <tr> <td>65</td> <td>1,443</td> <td>1,299</td> <td>2,265</td> <td>2,039</td> <td>1,273</td> <td>1,145</td> </tr> </tbody> </table>	Age	Kaiser		UnitedHealthcare		PERS Choice		M	F	M	F	M	F	25	\$257	\$505	\$403	\$792	\$245	\$402	35	336	617	528	969	363	559	45	536	648	841	1,017	577	632	55	895	905	1,404	1,420	853	825	60	1,142	1,068	1,792	1,677	1,025	948	65	1,443	1,299	2,265	2,039	1,273	1,145
Age	Kaiser		UnitedHealthcare		PERS Choice																																																			
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APPENDIX – COMPLETE ACTUARIAL ASSUMPTIONS & METHODS

Actuarial Assumption	June 30, 2017 Valuation
■ Basis for Assumptions	<ul style="list-style-type: none"> ■ CalPERS November 2017 experience study covering 1997 to 2015 experience ■ Mortality improvement based on Society of Actuaries table ■ Inflation based on the Plan’s very long time horizon ■ Participation and coverage take into account Plan experience ■ Short-term medical trend developed in consultation with Axene Health Partners’ healthcare actuaries ■ Long-term medical trend developed using Society of Actuaries’ Getzen Model of Long-Run Medical Cost Trends

APPENDIX – COMPLETE ACTUARIAL ASSUMPTIONS & METHODS

Method	June 30, 2017 Valuation
■ Actuarial Cost Method	■ Entry Age Normal ■ Required by GASBS 75
■ Amortization Method	■ n/a
■ Amortization Periods	■ n/a
■ Implied Subsidy	■ Valuation includes implied subsidy

APPENDIX – COMPLETE ACTUARIAL ASSUMPTIONS & METHODS

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APPENDIX – SUMMARY OF PARTICIPANT DATA

Participant Statistics²

	Actives	Retirees
■ Count		
• < 65	19	7
• ≥ 65	<u>1</u>	<u>7</u>
• Total	20	14
■ Average Age	52.0	66.2
■ Average City Service	11.7	n/a
■ Average Service Retirement Age	n/a	58.9

² Data as of June 30, 2017

APPENDIX – SUMMARY OF PARTICIPANT DATA

Actives by Age and City Service

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	-	-	-	-	-	-	-	-
25-29	-	2	-	-	-	-	-	2
30-34	-	-	-	-	-	-	-	-
35-39	1	-	-	-	-	-	-	1
40-44	-	1	-	-	1	-	-	2
45-49	-	-	-	-	-	-	-	-
50-54	1	1	-	-	-	-	2	4
55-59	-	2	-	1	3	-	1	7
60-64	1	-	-	-	2	-	-	3
≥ 65	-	-	-	-	1	-	-	1
Total	3	6	-	1	7	-	3	20

APPENDIX – SUMMARY OF PARTICIPANT DATA

Medical Plan Participation
Non-Waived Participants

Medical Plan	Actives	Retirees	
		< 65	≥ 65
Anthem Select	6%	0%	0%
Kaiser	83%	50%	14%
UnitedHealthcare	0%	0%	29%
PERS Choice	11%	50%	43%
PERSCare	0%	0%	14%
Total	100%	100%	100%

APPENDIX – SUMMARY OF PARTICIPANT DATA

Active Medical Coverage

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem Select	-	1	-	-	1
Kaiser	3	5	7	-	15
PERS Choice	-	-	2	-	2
Waived	-	-	-	2	2
Total	3	6	9	2	20

APPENDIX – SUMMARY OF PARTICIPANT DATA

Retiree Medical Coverage
Under Age 65

Medical Plan	Single	2-Party	Family	Waived	Total
Kaiser	1	-	-	-	1
UnitedHealthcare	-	-	-	-	-
PERS Choice	-	1	-	-	1
PERSCare	-	-	-	-	-
Waived	-	-	-	5	5
Total	1	1	-	5	7

APPENDIX – SUMMARY OF PARTICIPANT DATA

Retiree Medical Coverage
Age 65 & Over

Medical Plan	Single	2-Party	Family	Waived	Total
Kaiser	1	-	-	-	1
UnitedHealthcare	2	-	-	-	2
PERS Choice	1	2	-	-	3
PERSCare	-	1	-	-	1
Waived	-	-	-	-	-
Total	4	3	-	-	7