



BARTEL
ASSOCIATES, LLC

**City of Pacifica
Retiree Healthcare Plan**

June 30, 2018 GASBS 75 Accounting Information
As of Measurement Date June 30, 2017
Based on the June 30, 2016 Actuarial Valuation

Doug Pryor, Vice President
Bartel Associates, LLC

September 26, 2018

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Applicable Dates

Applicable Dates and Periods

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

Update procedures were used to roll forward the Total OPEB Liability from the valuation date (June 30, 2016) to the measurement date (June 30, 2017).



Note Disclosures

Plan Information

	Fiscal Year End June 30, 2018
■ Plan type	Single Employer
■ OPEB trust	No
■ Special funding situation	No
■ Nonemployer contributing entities	No



Note Disclosures

Covered Participants

At June 30, 2016, the following numbers of participants were covered by the benefit terms:*

	Number of Covered Participants
■ Inactives currently receiving benefits	51
■ Inactives entitled to but not yet receiving benefits	89
■ Active employees	155
■ Total	295

* The number of covered participants at the measurement date is currently not available.



Note Disclosures

Net OPEB Liability/(Asset)

	Fiscal Year Ending	
	6/30/18	6/30/17
	Measurement Date 6/30/17	Measurement Date 6/30/16
■ Total OPEB Liability (TOL)	\$ 6,304,041	\$ 6,664,823



Note Disclosures

Changes in Total OPEB Liability

	Total OPEB Liability
■ Balance at 6/30/17 (6/30/16 measurement date)	\$ 6,664,823
■ Changes for the year	
● Service Cost	351,865
● Interest	197,539
● Benefit changes	-
● Actual vs. expected experience	-
● Assumption changes	(739,260)
● Contributions - employer	-
● Contributions - employee	-
● Benefit payments*	(170,926)
● Administrative expenses	-
■ Net Changes	(360,782)
■ Balance at 6/30/18 (6/30/17 measurement date)	\$ 6,304,041

* Includes \$112,926 cash benefit payments and \$58,000 implied subsidy benefit payments by the City.



Note Disclosures

Sensitivity of Total OPEB Liability

■ **Changes in the Discount Rate**

	Discount Rate		
	1% Decrease (2.58%)	Current Rate (3.58%)	1% Increase (4.58%)
■ Total OPEB Liability	\$ 7,350,942	\$ 6,304,041	\$ 5,471,580

■ **Changes in the Healthcare Trend Rate**

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
■ Total OPEB Liability	\$ 5,325,184	\$ 6,304,041	\$ 7,560,692



Note Disclosures

OPEB Expense for Fiscal Year

	2017/18
	Measurement Period 2016/17
■ OPEB Expense*	\$ 434,895

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



Note Disclosures

Deferred Outflows/Inflows Balances at June 30, 2018

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience	\$ -	\$ -
■ Changes in assumptions	-	623,751
■ Employer contributions made subsequent to the measurement date**	174,450	-
■ Total	174,450	623,751

* Deferred Inflows and Outflows combined for footnote disclosure.

** Contributions of \$118,450 cash benefit payments, \$1,000 administrative costs and \$55,000 implied subsidy benefit payments by the City.



Note Disclosures

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

FYE June 30	Deferred Outflows/(Inflows) of Resources
■ 2019	\$ (115,509)
■ 2020	(115,509)
■ 2021	(115,509)
■ 2022	(115,509)
■ 2023	(115,509)
■ Thereafter	(46,206)



Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2017 Measurement Date
■ Actuarial Valuation Date	■ June 30, 2016
■ Contribution Policy	■ No pre-funding
■ Discount Rate	■ 3.58% at June 30, 2017 (Bond Buyer 20-bond Index)
	■ 2.85% at June 30, 2016 (Bond Buyer 20-bond Index)
■ Expected Long-Term Rate of Return on Investments	■ n/a
■ General Inflation	■ 2.75% per annum
■ Mortality, Retirement, Disability, Termination	■ CalPERS 1997-2011 Experience Study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-16



Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2017 Measurement Date
<ul style="list-style-type: none"> ■ Salary Increases 	<ul style="list-style-type: none"> ■ Aggregate -3% ■ Merit - Tables from CalPERS 1997-2011 Experience Study
<ul style="list-style-type: none"> ■ Medical Trend 	<ul style="list-style-type: none"> ■ Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years ■ Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
<ul style="list-style-type: none"> ■ PEMHCA Minimum Increase 	<ul style="list-style-type: none"> ■ 4.25% for year 2019+
<ul style="list-style-type: none"> ■ Participation at Retirement 	<ul style="list-style-type: none"> ■ Active Covered: 60% PEMHCA Minimum and 80% Additional Benefit ■ Active Waived: 20% PEMHCA Minimum and 50% Additional Benefit ■ Retiree: 100% if covered, 20% re-elect at 65 if waived



Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

	2017/18
	Measurement Period 2016/17
<ul style="list-style-type: none"> ■ Changes in Total OPEB Liability <ul style="list-style-type: none"> ● Service Cost ● Interest ● Actual vs. expected experience ● Assumption changes ● Benefit payments ● Changes of benefit terms ■ Net Changes ■ Total OPEB Liability (beginning of year) ■ Total OPEB Liability (end of year) 	<ul style="list-style-type: none"> \$ 351,865 197,539 - (739,260) (170,926) - <li style="border-top: 1px solid black;">(360,782) <li style="border-top: 1px solid black;">6,664,823 <li style="border-top: 1px solid black;">6,304,041



Required Supplementary Information

Schedule of Changes in Total OPEB Liability

	2017/18
■ Total OPEB Liability/(Asset)	\$ 6,304,041
■ Covered employee payroll*	18,704,543
■ Total OPEB Liability as a percentage of covered employee payroll	33.7%

* For the 12 month period ending on June 30, 2017 (Measurement Date).



September 17, 2018

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City of Pacifica

Actuarial Certification

This report presents City of Pacifica Retiree Healthcare Plan 2017/18 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 our full actuarial valuation 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, 2016 actuarial valuation. Additional information on participants included in the valuation and actuarial assumptions can be found in the June 30, 2016 full actuarial valuation report.

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

Respectfully submitted,

Doug Pryor, ASA, EA, MAAA
Vice President
Bartel Associates, LLC
September 26, 2018



September 17, 2018

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City of Pacifica

Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2018
Differences between Expected and Actual Experience

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



Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2018
Changes of Assumptions

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2018	
			17/18	18/19	19/20	20/21	21/22	22/23	23/24+	Outflows	(Inflows)
17/18	(739,260)	6.4	(115,509)	(115,509)	(115,509)	(115,509)	(115,509)	(115,509)	(46,206)	-	(623,751)
Total			(115,509)	(115,509)	(115,509)	(115,509)	(115,509)	(115,509)	(46,206)	-	(623,751)



Supporting Calculations

Recognition of Deferred Outflows/Inflows in Future OPEB Expense

	18/19	19/20	20/21	21/22	22/23	Thereafter 23/24+
■ Differences between Expected and Actual Experience	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
■ Changes of Assumptions	(115,509)	(115,509)	(115,509)	(115,509)	(115,509)	(46,206)
■ Total	(115,509)	(115,509)	(115,509)	(115,509)	(115,509)	(46,206)



Supporting Calculations

Components of GASBS 75 OPEB Expense

	2017/18
	Measurement Period 2016/17
■ Service Cost	\$ 351,865
■ Interest on Total OPEB Liability	197,539
■ Projected earnings on investments	-
■ Employee contributions	-
■ Administrative expense	1,000
■ Change in benefits	-
■ Recognition of deferred outflows/(inflows)	
● Experience	-
● Assumptions	(115,509)
● Asset returns	-
■ OPEB Expense	434,895



Supporting Calculations

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

	Dollar Amount	Discount Rate	Portion of Year	Interest
■ Total OPEB Liability	\$ 6,664,823	2.85%	100%	\$ 189,947
■ Service Cost	351,865	2.85%	100%	10,028
■ Benefit payments	(170,926)	2.85%	50%	(2,436)
■ Total Interest				197,539



Supporting Calculations

GASBS 75 Balance Equation

	Fiscal Year Ending	
	6/30/17	6/30/18
	<small>Measurement Date 6/30/16</small>	<small>Measurement Date 6/30/17</small>
■ Total OPEB Liability	\$ 6,664,823	\$ 6,304,041
■ Fiduciary Net Position	-	-
■ Net OPEB Liability	6,664,823	6,304,041
■ Deferred inflows of resources	-	623,751
■ Deferred (outflows) of resources	-	-
■ Balance Sheet	6,664,823	6,927,792

Check:

■ Balance Sheet 6/30/17	\$ 6,664,823
● OPEB Expense	434,895
● Contributions *	(171,926)
■ Balance Sheet 6/30/18	6,927,792

* Includes \$1,000 administrative costs.

