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FINANCE DEPARTMENT  
TOWN OF CORTE MADERA



**Town of Corte Madera  
Retiree Healthcare Plan**

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

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**Bartel Associates, LLC**

April 6, 2018

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**Applicable Dates**

**Applicable Dates and Periods**

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

**Note Disclosures**

**Plan Information**

<b>Fiscal Year End</b>	<b>June 30, 2018</b>
■ Plan Type	Agent Multiple Employer
■ OPEB Trust	Yes
■ Special Funding Situation	No
■ Nonemployer Contributing Entities	None

**Note Disclosures**

**Expected Long-Term Rate of Return**

	<b>Target Allocation*</b>	<b>Expected Real</b>
	<b>CERBT Strategy 1</b>	<b>Rate of Return**</b>
■ Asset Class Component		
● Global Equity	57%	4.82%
● Fixed Income	27%	1.47%
● TIPS	5%	1.29%
● Commodities	3%	0.84%
● REITs	8%	3.76%
■ Assumed Long-Term Rate of Inflation		2.75%
■ Expected Long-Term Net Rate of Return, Rounded		6.75%

\* Provided by CalPERS' Strategic Asset Allocation Analysis Overview in August 2014.

\*\* Bartel Associates' assumptions

**Note Disclosures**

**Covered Employees**

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

	<b>Number of Covered Participants</b>
■ Inactives currently receiving benefits	53
■ Inactives entitled to but not yet receiving benefits	8
■ Active employees	49
■ Total	110

**Note Disclosures**

**Net OPEB Liability/(Asset)**

(Amounts in 000's)

	<b>Fiscal Year Ending</b>	
	<b>6/30/18</b>	<b>6/30/17</b>
■ Measurement Date	6/30/17	6/30/16
■ Total OPEB Liability (TOL)	\$ 11,299	\$ 10,827
■ Fiduciary Net Position (FNP)	1,777	1,118
■ Net OPEB Liability (NOL)	9,522	9,709
■ Funded status (FNP/TOL)	15.7%	10.3%

**Note Disclosures**

**Changes in Net OPEB Liability/(Assets)**

(Amounts in 000's)

	<b>Total OPEB Liability</b>	<b>Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
■ Balance at 6/30/17*	\$ 10,827	\$ 1,118	\$ 9,709
■ Changes for the year			
● Service Cost	260	-	260
● Interest	731	-	731
● Difference between actual and expected experience	-	-	-
● Assumption changes	-	-	-
● Contributions - employer	-	1,019	(1,019)
● Contributions - employee	-	-	-
● Net investment income	-	160	(160)
● Benefit payments and refunds	(519)	(519)	-
● Administrative expenses	-	(1)	1
■ Net Changes	472	659	(187)
■ Balance at 6/30/18**	11,299	1,777	9,522

\* Measurement date 6/30/16

\*\* Measurement date 6/30/17

**Note Disclosures**

**Sensitivity of Net OPEB Liability**

(Amounts in 000's)

■ **Changes in the Discount Rate**

	<b>Discount Rate</b>		
	<b>5.75% 1% Decrease</b>	<b>6.75% Current Rate</b>	<b>7.75% 1% Increase</b>
■ Net OPEB Liability	\$ 10,942	\$ 9,522	\$ 8,348

■ **Changes in the Healthcare Trend Rate**

	<b>Healthcare Trend Rate</b>		
	<b>1% Decrease</b>	<b>Current Trend</b>	<b>1% Increase</b>
■ Net OPEB Liability	\$ 8,254	\$ 9,522	\$ 11,067

**Note Disclosures**

**OPEB Expense for Fiscal Year**

(Amounts in 000's)

	<b>2017/18</b>
■ OPEB Expense	\$ 887

See slide 22 for OPEB expense detail, which is not required disclosure.

**Note Disclosures**

**Deferred Outflows/Inflows Balances at June 30, 2018**

(Amounts in 000's)

	<b>June 30, 2018</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
■ Differences between expected and actual experience	\$ -	\$ -
■ Changes of assumptions	-	-
■ Net difference between projected and actual earnings on plan investments*	-	55
■ Employer contributions made subsequent to the measurement date**	TBD	-
■ Total	-	55

\* Combine Deferred Inflows and Outflows for footnote disclosure.

\*\* Actual employer contributions paid to the trust plus actual benefit payments paid from employer resources outside of trust between the measurement date and fiscal year end.

**Note Disclosures**

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

(Amounts in 000's)

<b>FYE June 30</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
■ 2019	\$ (14)
■ 2020	(14)
■ 2021	(14)
■ 2022	(13)
■ Thereafter	-

**Note Disclosures**

**Significant Actuarial Assumptions Used for Total OPEB Liability**

<b>Actuarial Assumption</b>	<b>June 30, 2017 Measurement Date</b>
■ Actuarial Valuation Date	■ June 30, 2017
■ Contribution Policy	■ Pre-funded through CERBT asset allocation Strategy 1
■ Discount Rate	■ 6.75% at June 30, 2017
	■ 6.75% at June 30, 2016
■ Expected Long-Term Rate of Return on Investments	■ Same as discount rate. Plan assets projected to be sufficient to pay all benefits from trust.
■ General Inflation	■ 2.75% per annum
■ Mortality, Retirement, Disability, Termination	■ CalPERS 1997-2011 experience study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-17

**Note Disclosures**

**Significant Actuarial Assumptions Used for Total OPEB Liability**

<b>Actuarial Assumption</b>	<b>June 30, 2017 Measurement Date</b>
■ Medical Trend	<ul style="list-style-type: none"> <li>■ Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years</li> <li>■ Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years</li> </ul>
■ Municipal Bond Rate	■ N/A
■ Participation at Retirement	<ul style="list-style-type: none"> <li>■ Tier 1 Actives: 100%</li> <li>■ Tier 2 Actives: 70%</li> </ul>
■ PEMHCA Minimum Increase	■ 4.25% after 2018

**Required Supplementary Information**

**Schedule of Changes in Net OPEB Liability/(Assets) and Related Ratios**

(Amounts in 000's)

	<b>Fiscal Year 2017/18</b>
■ Changes in Total OPEB Liability	
● Service Cost	\$ 260
● Interest	731
● Difference between actual and expected experience	-
● Assumption changes	-
● Benefit payments including refunds	(519)
● Changes of benefit terms	-
■ Net Changes	<u>472</u>
■ Total OPEB Liability (beginning of year)	<u>10,827</u>
■ Total OPEB Liability (end of year)	11,299

**Required Supplementary Information**

**Schedule of Changes in Net OPEB Liability/(Assets) and Related Ratios**

(Amounts in 000's)

	<b>Fiscal Year 2017/18</b>
■ Changes in Plan Fiduciary Net Position	
● Contributions - employer	\$ 1,019
● Contributions - employee	-
● Net investment income	160
● Benefit payments and refunds	(519)
● Administrative expenses	(1)
● Other changes	-
● Net Changes	<u>659</u>
■ Plan Fiduciary Net Position (beginning of year)	<u>1,118</u>
■ Plan Fiduciary Net Position (end of year)	1,777



**Required Supplementary Information**

**Schedule of Changes in Net OPEB Liability/(Assets) and Related Ratios**

(Amounts in 000's)

	<b>Fiscal Year 2017/18</b>
■ Net OPEB Liability/(Asset)	\$ 9,522
■ Fiduciary Net Position as a percentage of the Total OPEB Liability	15.7%
■ Covered employee payroll*	TBD
■ Net OPEB Liability as a percentage of covered employee payroll	TBD

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

**Required Supplementary Information**

**Schedule of Employer Contributions**

(Amounts in 000's)

	<b>Fiscal Year 2017/18</b>
■ Actuarially Determined Contribution (ADC)	\$ 1,215
■ Contributions in relation to the actuarially determined contribution	TBD
■ Contribution deficiency/(excess)	TBD
■ Covered employee payroll*	TBD
■ Contributions as a percentage of covered employee payroll	TBD

\* Determined for the 12 months period ending on June 30, 2018 (fiscal year end).

**Required Supplementary Information**

**Notes to Schedule of Employer Contribution  
Methods and Assumptions for  
Actuarially Determined Contribution**

■ Valuation Date	■ June 30, 2015
■ Actuarial Cost Method	■ Entry Age Normal, Level Percentage of Payroll
■ Amortization Method	■ Level percentage of payroll
■ Amortization Period	■ 15-year fixed period for 2017/18
■ Asset Valuation Method	■ Investment gains and losses spread over 5-year rolling period
■ Discount Rate	■ Blended, 6.23% for 2016/17 grading up to 7.00% for 2032/33
■ General Inflation	■ 3.00%
■ Medical Trend	■ Non-Medicare - 7.0% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years ■ Medicare - 7.2% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years
■ Mortality	■ CalPERS 1997-2011 experience study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-14 with 15 year convergence in 2022

**Actuarial Certification**

This report presents Town of Corte Madera 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 Town 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 Town, and audited CalPERS CERBT asset information 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. Additional information on participants included in the valuation and actuarial assumptions can be found in the June 30, 2017 funding actuarial valuation report.

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,

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Marilyn M. Oliver, FSA, FCA, EA, MAAA  
Vice President  
Bartel Associates, LLC  
April 6, 2018

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\_\_\_\_\_  
Katherine Moore, ASA, MAAA  
Associate Actuary  
Bartel Associates, LLC  
April 6, 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	-	-	-	-	-	-	-	-	-	-	-
Total				-	-	-	-	-	-	-	-	-

**Supporting Calculations**

**Recognition of Deferred Outflows/Inflows at June 30, 2018**  
**Projected Versus Actual Earnings on Investments**  
 (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	(69)	5.0	(14)	(14)	(14)	(14)	(13)	-	-	-	(55)
Total				(14)	(14)	(14)	(14)	(13)	-	-	-	(55)

\* Calculation of initial amount for 2016/17 measurement period:  
 Projected earnings on investments (slide 23), less  
 Actual earnings on investments (net investment income, slide 14)

**Supporting Calculations**

**Components of GASBS 75 OPEB Expense**  
 (Amounts in 000's)

	Fiscal Year 2017/18
■ Service Cost	\$ 260
■ Interest on Total OPEB Liability	731
■ Projected earning on investments	(91)
■ Employee contributions	-
■ Administrative expense	1
■ Change in benefits	-
■ Recognition of deferred outflows/(inflows)	
● Experience	-
● Assumptions	-
● Asset returns	(14)
■ OPEB Expense	887

**Supporting Calculations**

**Components of GASBS 75 OPEB Expense**  
**Calculation of Projected Earnings on Investments**  
 (Amounts in 000's)

	<b>Dollar Amount</b>	<b>Expected Return</b>	<b>Portion of Year</b>	<b>Projected Earnings</b>
■ Fiduciary Net Position (beginning of year)	\$ 1,118	6.75%	100%	\$ 75
■ Employer contributions	1,019	6.75%	50%	34
■ Employee contributions	-	6.75%	50%	-
■ Benefit payments	(519)	6.75%	50%	(18)
■ Administrative expenses	(1)	6.75%	50%	(0)
■ Projected earnings				91

**Supporting Calculations**

**Components of GASBS 75 OPEB Expense**  
**Calculation of Interest on Total OPEB Liability**  
 (Amounts in 000's)

	<b>Dollar Amount</b>	<b>Discount Rate</b>	<b>Portion of Year</b>	<b>Interest</b>
■ Total OPEB Liability	\$ 10,827	6.75%	100%	\$ 731
■ Service Cost	260	6.75%	100%	18
■ Benefit payments	(519)	6.75%	50%	(18)
■ Total Interest				731

## 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	\$ 10,827	\$ 11,299
■ Fiduciary Net Position	1,118	1,777
■ Net OPEB Liability	9,709	9,522
■ Deferred inflows of resources	-	55
■ Deferred (outflows) of resources	-	-
■ Balance Sheet	9,709	9,577

Check:

■ Balance Sheet 6/30/17	\$ 9,709
● OPEB Expense	887
● Contributions	(1,019)
■ Balance Sheet 6/30/18	9,577

## Supporting Calculations

### Discount Rate Crossover Test

#### Projection of Fiduciary Net Position

(Amounts in 000's)

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Admin Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
1	\$ 1,777	\$ 1,154	\$ 616	\$ 100	\$ 2,413	
2	2,413	1,169	666	1	3,056	
3	3,056	1,191	675	2	3,755	
4	3,755	1,212	717	2	4,477	
5	4,477	1,234	748	2	5,238	
6	5,238	1,255	796	3	6,021	
7	6,021	1,276	861	3	6,812	
8	6,812	1,297	869	3	7,668	
9	7,668	1,316	906	4	8,562	
10	8,562	1,331	918	4	9,518	
*	*	*	*	*	*	
30	11,390	12	1,072	6	11,057	
31	11,057	10	1,101	6	10,670	
32	10,670	8	1,114	5	10,242	
33	10,242	7	1,026	5	9,876	
34	9,876	6	1,045	5	9,464	
*	*	*	*	*	*	
78	564	0	4	0	598	
79	598	0	3	0	636	
80	636	0	1	0	677	
81	677	0	1	0	722	
82	722	0	0	0	771	