



CBIZ Benefits & Insurance Services, Inc.

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July 24, 2023

Dennise Dryden
Clerk/Treasurer
City of Sylvan Lake
1820 Iverness
Sylvan Lake, MI 48320

RE: Actuarial Valuation of Other Post-Employment Benefits under GASB Statements No. 74 and 75 as of January 1, 2023

Dear Dennise:

Enclosed are the results of the Actuarial Valuation of Other Post-Employment Benefits (OPEBs) under GASB Statements No. 74 and 75 for City of Sylvan Lake.

Overall, the Total OPEB Liability decreased relative to the expectation from the prior valuation. Below is a summary of the primary drivers of the decrease:

- Demographic experience
- Updated per-capita premium rates

The enclosed report includes:

1. The Actuarially Determined Contributions for years ending 6/30/2023 and 6/30/2024.
2. The actual GASB 75 financial disclosure as of 6/30/2023 and estimated for 6/30/2024.
3. A Form 5572 Compliance Guide, under Public Act 202 of 2017.

Please review the results thoroughly. If you have any further questions or concerns, feel free to reach out to me by phone at 216.525.4683, or by e-mail at AJJohnson@CBIZ.com.

Respectfully,

Alex J. Johnson
Actuarial Managing Consultant

Enclosure(s)





**Actuarial Valuation
of
Other Post Employment Benefits (OPEBs)
as of January 1, 2023
and
GASB Statements No. 74 and 75**

City of Sylvan Lake

Report Prepared July 24, 2023

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City of Sylvan Lake

Actuarial Valuation as of January 1, 2023

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City of Sylvan Lake

Actuarial Valuation as of January 1, 2023

Actuarial Certification

I, the undersigned, am a consulting actuary associated with the firm CBIZ Benefits & Insurance Services, Inc. I am a member of the American Academy of Actuaries and meet its qualification standards to provide statements of actuarial opinion for actuarial valuations of Other Postemployment Benefits (OPEBs). I have completed an actuarial valuation of the OPEB Plan for the City of Sylvan Lake as of January 1, 2023. This report contains the results of the valuation.

To the best of my knowledge, the information supplied in this report is complete and accurate. In my opinion, the methods and assumptions used in the valuation comply with the Governmental Accounting Standards Board (GASB), particularly GASB Statements No. 74 and 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pension”. The assumptions are related reasonably to the past experience of the Plan, and they represent my best estimate of anticipated experience under the Plan. Nevertheless, the actual costs of the plan in the future will differ from the results of the valuation, as the emerging experience varies from the assumptions projected in the valuation.

I have relied on the City for the accuracy and completeness of the benefit plans, assets, claims and premium data, and the employee census. While I have not audited the data, I have reviewed it for reasonableness and consistency. A summary of my understanding of the plan features is provided in this report.

This report has been prepared for the use and benefit of the City in assessing the effect of GASB Statements No. 74 and 75 on accounting for OPEB plans. It should not be relied upon for other purposes, and it is not intended to benefit any other party. It may be shared in its entirety with all auditors and the general public.

Neither CBIZ nor any of the employees working on this engagement has any relationship with the City of Sylvan Lake that may impair, or appear to impair, the independence and objectivity of our work.

This actuarial valuation was prepared in accordance with the applicable Statements of the Governmental Accounting Standards Board and the Actuarial Standards of Practice issued by the American Academy of Actuaries.

Frank T. Vedegys, FSA, EA, MAAA
Senior Consulting Actuary

July 24, 2023
Date





City of Sylvan Lake Actuarial Valuation as of January 1, 2023

Summary of Valuation Results

Valuation Date	January 1, 2023
Participant Data	
Active Employees	4
Retirees and Covered Spouses	4
Total	8
Present Value of Future Benefits (PVFB)	
Active Employees	\$ 428,604
Retirees and Covered Spouses	263,660
Present Value of Future Benefits	\$ 692,264
Total OPEB Liability (TOL)	
Active Employees	\$ 379,610
Retirees and Covered Spouses	263,660
Total OPEB Liability	\$ 643,270
Fiduciary Net Position (FNP)	(898,804)
Net OPEB Liability (NOL)	\$ (255,534)
FNP as a Percentage of TOL	139.72%
Current Year Normal Cost as of Valuation Date	\$ 8,939
Actuarially Determined Contribution (ADC) for Year Ending:	
June 30, 2023	\$ 0
June 30, 2024	0



City of Sylvan Lake Actuarial Valuation as of January 1, 2023

Statement of Changes in Fiduciary Net Position at Valuation Date

	<u>1/1/2022 - 12/31/2022</u>		
	<u>OPEB Trust</u>	<u>Pay-as-you-go</u>	<u>Total</u>
Balance as of Beginning of Year	\$ 1,032,416	\$ 0	\$ 1,032,416
Employer Contributions	0	0	0
Employee Contributions	0	0	0
Retiree Premium Contributions	0	0	0
Implicit Subsidy	0	0	0
Investment Income, net of investment expenses	<u>(107,253)</u>	<u>0</u>	<u>(107,253)</u>
Total Additions	\$ (107,253)	\$ 0	\$ (107,253)
Total Benefit Payments	(24,689)	0	(24,689)
Non-Investment Expenses	<u>(1,670)</u>	<u>0</u>	<u>(1,670)</u>
Total Deductions	\$ (26,359)	\$ 0	\$ (26,359)
Net Change	<u>\$ (133,612)</u>	<u>\$ 0</u>	<u>\$ (133,612)</u>
Balance as of End of Year	<u>\$ 898,804</u>	<u>\$ 0</u>	<u>\$ 898,804</u>
Money-Weighted Rate of Return	-10.55%	0.00%	-10.55%



City of Sylvan Lake Actuarial Valuation as of January 1, 2023

Development of Actuarially Determined Contribution (ADC)

Consistent with Public Act 202 of 2017, the Actuarially Determined Contribution ("ADC") must be calculated in the same manner as the Act's Annual Required Contribution ("ARC"), which is defined as the sum of the normal cost payment and the annual amortization payment for past service costs to fund the Unfunded Actuarial Accrued Liability.

The ADC calculated below is in compliance with Public Act 202 of 2017, which also requires an amortization period no greater than 30 years and a level-dollar amortization method for plans that are closed to new hires. All actuarial assumptions that may be used in the calculation of the ADC are disclosed below.

Year Ending:	6/30/2024	6/30/2023
<u>Normal Cost Component</u>		
Normal Cost	\$ 0	\$ 0
Expenses	0	0
Interest to End of Year	0	0
Total Normal Cost	\$ 0	\$ 0
<u>Amortization Component</u>		
Actuarial Accrued Liability		\$ 643,270
Actuarial Value of Assets		898,804
Unfunded Actuarial Accrued Liability		\$ 0
Amortization Factor		12.65358
Amortization Payment	\$ 0	\$ 0
Interest on Amortization Payment to End of Year	0	0
Total Amortization Payment	\$ 0	\$ 0
Actuarial Cost Method:	Entry Age Normal as a Percentage of Payroll	
Discount Rate:	7.00%	
Wage Increase Rate:	3.00%	
Amortization Method:	Level Dollar over a closed 26 years	
Actuarially Determined Contribution	\$ -	\$ -
Expected Covered Payroll	322,893	382,650
ADC as a % of Covered Payroll	0.00%	0.00%



City of Sylvan Lake Actuarial Valuation as of January 1, 2023

Schedule of Funding Progress

Actuarial Valuation Date	Fiduciary Net Position (a)	Total OPEB Liability (b)	Net OPEB Liability (Asset) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	Net OPEB Liability as a Percent of Payroll (b - a) / c
1/1/2008	\$0	\$1,237,597	\$1,237,597	0.0%	\$468,422	264.2%
1/1/2011	65,448	1,546,997	1,481,549	4.2%	399,588	370.8%
1/1/2014	201,541	958,467	756,926	21.0%	349,450	216.6%
1/1/2017	402,066	858,804	456,738	46.8%	305,240	149.6%
1/1/2019	669,555	710,724	41,169	94.2%	322,296	12.8%
1/1/2021	932,691	650,603	(282,088)	143.4%	378,664	-74.5%
1/1/2023	898,804	643,270	(255,534)	139.7%	370,552	-69.0%



City of Sylvan Lake Actuarial Valuation as of January 1, 2023

10-Year Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution (a)	Historical Contribution (b)	Contribution Deficiency (Excess) (a) - (b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b) / (c)
6/30/2014	\$57,594	\$117,953	(\$60,359)	\$349,450	33.75%
6/30/2015	57,594	123,819	(66,225)	349,450	35.43%
6/30/2016	57,594	125,978	(68,384)	349,450	36.05%
6/30/2017	66,586	159,484	(92,898)	305,240	52.25%
6/30/2018	63,896	90,892	(26,996)	305,240	29.78%
6/30/2019	14,542	85,251	(70,709)	334,382	25.50%
6/30/2020	14,951	58,169	(43,218)	334,382	17.40%
6/30/2021	0	29,778	(29,778)	391,393	7.61%
6/30/2022	0	0	0	328,227	0.00%
6/30/2023	0	0	0	382,650	0.00%

As of fiscal year ended 2017, the ADC is calculated in accordance the requirements of Public Act 202 of 2017, namely Numbered Letter 2018-3. For all prior years, the ADC is equal to the Annual Required Contribution (ARC) as calculated under GASB No. 45.

Due to limited availability of historical data, covered payroll for fiscal years ending on or before 2018 reflect the payroll disclosed as of the most recent actuarial valuation date.

Italicized amounts are estimated



City of Sylvan Lake Actuarial Valuation as of January 1, 2023

Projected Retiree Benefit Payments

Exhibit A is a graph that shows the 30-year projection of expected benefit payments under the OPEB plan. These payments only reflect those participants who have already been hired or who are retired. Expected benefit payments are equal to the number of retirees each year times the per retiree cost to the employer. The first year's projected benefit payments total \$28,860. As the last participants retire and then reach the end of their benefit period, the benefit payments decline and eventually would reach zero. Exhibit B is a table showing the first 10 years of expected benefit payments.

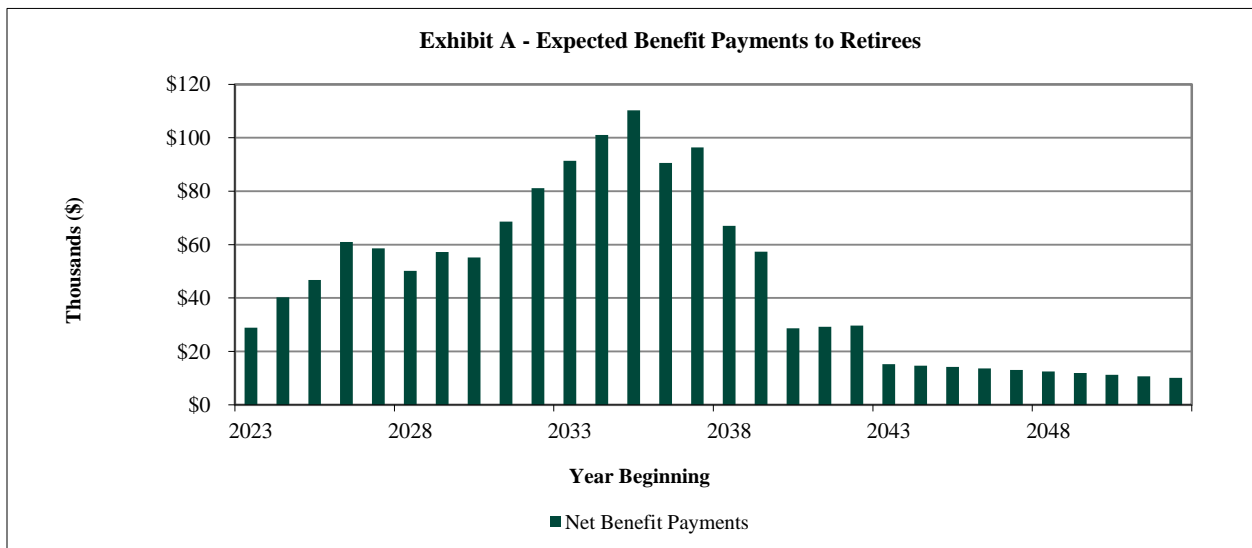


Exhibit B: First 10 Years of Expected Benefit Payments

Plan Year Beginning January 1,	Net Benefit Payments
2023	\$28,860
2024	40,323
2025	46,748
2026	60,964
2027	58,548
2028	50,184
2029	57,197
2030	55,195
2031	68,577
2032	81,112



City of Sylvan Lake GASB Statements No. 74 and 75

OPEB Expense (Income)

	Measurement Period Ending	
	6/30/2024	6/30/2023
OPEB Expense (Income)	<i>Estimate</i>	<i>Actual</i>
1. Service Cost	\$ 9,073	\$ 8,939
2. Interest Cost	45,005	44,645
3. Non-Investment Administrative Expenses	1,660	1,670
4. Employee Contributions	0	0
5. Projected Earnings on Fiduciary Net Position	(62,977)	(64,072)
6. Recognition of Deferred Outflows/(Inflows) related to:		
Net difference between projected and actual earnings	5,367	11,751
Differences between expected and actual experience	(20,328)	(21,487)
Changes in assumptions	(24,366)	(24,366)
7. Ad Hoc Postemployment Benefit Changes	0	0
8. OPEB Expense (Income)	<u>\$ (46,566)</u>	<u>\$ (42,920)</u>

Development of Interest Cost on:	% of Period			
1. Beginning Total OPEB Liability	100%	\$ 45,894	\$ 45,029	
2. Service Cost	100%	635	626	
3. Benefit Payments	50%	(1,524)	(1,010)	
4. Total Interest Cost on Total OPEB Liability		<u>\$ 45,005</u>	<u>\$ 44,645</u>	

Development of Projected Earnings on:	% of Period			
1. Beginning Fiduciary Net Position	100%	\$ 64,559	\$ 65,194	
2. Employer Contributions	50%	0	0	
3. Employee Contributions	50%	0	0	
4. Benefit Payments	50%	(1,524)	(1,061)	
5. Non-Investment Administrative Expenses	50%	(58)	(61)	
6. Total Projected Earnings on Fiduciary Net Position		<u>\$ 62,977</u>	<u>\$ 64,072</u>	

Key Assumptions for OPEB Expense (Income)

Discount Rate	7.00%	7.00%
Annual Wage Increase	3.00%	3.00%
Expected Return on Assets	7.00%	7.35%

Key Assumptions for Net OPEB Liability

Discount Rate	7.00%	7.00%
Annual Wage Increase	3.00%	3.00%
Expected Return on Assets	7.00%	7.00%



City of Sylvan Lake GASB Statements No. 74 and 75

Net OPEB Liability

	Measurement Period Ending	
	6/30/2024	6/30/2023
Reconciliation of Total OPEB Liability	<i>Estimate</i>	<i>Actual</i>
1. Total OPEB Liability at End of Prior Year	\$ 655,632	\$ 673,195
2. Service Cost	9,073	8,939
3. Interest Cost	45,005	44,645
4. Net Benefits Paid by Employer	(43,535)	(28,865)
5. Ad Hoc Postemployment Benefit Changes	0	0
6. Differences between expected and actual experience	3,325	(74,948)
7. Changes in assumptions	0	32,666
8. Total OPEB Liability at End of Year	\$ 669,500	\$ 655,632
Reconciliation of Fiduciary Net Position		
1. Fiduciary Net Position at End of Prior Year	\$ 922,275	\$ 886,997
2. Projected Earnings on Fiduciary Net Position	62,977	64,072
3. Difference Between Projected and Actual Earnings	0	1,741
4. Employer Contributions	0	0
5. Net Benefits Paid by Employer	(43,535)	(28,865)
6. Non-Investment Administrative Expenses	(1,660)	(1,670)
7. Employee Contributions	0	0
8. Fiduciary Net Position at End of Year	\$ 940,057	\$ 922,275
Money-Weighted Rate of Return	7.00%	7.45%
Net OPEB Liability (Asset)		
1. Total OPEB Liability	\$ 669,500	\$ 655,632
2. Fiduciary Net Position	(940,057)	(922,275)
3. Net OPEB Liability (Asset)	\$ (270,557)	\$ (266,643)
Fiduciary Net Position as % of Total OPEB Liability	140.41%	140.67%
Covered Payroll	\$ 322,893	\$ 382,650
Net OPEB Liability (Asset) as a % of Covered Payroll	83.79%	69.68%
Net OPEB Liability: 1% increase in the discount rate	\$ (315,677)	\$ (312,490)
Net OPEB Liability: 1% decrease in the discount rate	(220,651)	(215,899)
Net OPEB Liability: 1% increase in healthcare trend	(204,639)	(205,212)
Net OPEB Liability: 1% decrease in healthcare trend	(328,990)	(321,170)



City of Sylvan Lake GASB Statements No. 74 and 75

Deferred Outflows (Inflows)

	Measurement Period Ending	
	6/30/2024 <i>Estimate</i>	6/30/2023 <i>Actual</i>
Deferred Inflows of Resources Related to OPEB		
1. Net difference between projected and actual earnings	\$ 0	\$ 0
2. Differences between expected and actual experience	25,425	57,833
3. Changes in assumptions	358	36,106
4. Total	\$ 25,783	\$ 93,939
Deferred Outflows of Resources Related to OPEB		
1. Net difference between projected and actual earnings	\$ 27,276	\$ 32,643
2. Differences between expected and actual experience	2,274	11,029
3. Changes in assumptions	9,902	21,284
4. Contributions subsequent to measurement date	0	0
5. Total	\$ 39,452	\$ 64,956

Schedule of Deferred Outflows (Inflows)

Amounts reported as deferred outflows or deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

MPE 6/30/2024		MPE 6/30/2023	
2025	\$ (17,297)	2024	\$ (40,486)
2026	31,315	2025	(18,456)
2027	(348)	2026	30,308
2028	(1)	2027	(348)
2029	-	2028	(1)
2030+	-	2029+	-



City of Sylvan Lake GASB Statements No. 74 and 75

Deferred Outflows (Inflows) (cont.)

Deferred Outflows/(Inflows) - Historical Amortization Schedules

Meas. Period Ending	Original Amount	Current-Year Amortization Amount	Original Amortization Period	Outstanding Balance at 6/30/2024	Outstanding Balance at 6/30/2023
<u>Net difference between projected and actual earnings</u>					
2023	\$ (1,741)	\$ (348)	5.00	\$ (1,045)	\$ (1,393)
2022	153,284	30,657	5.00	61,313	91,970
2021	(164,964)	(32,993)	5.00	(32,992)	(65,985)
2020	40,259	8,052	5.00	0	8,051
2019	63,560	6,383	5.00	0	0
2018	(20,975)	0	5.00	0	0
<u>Differences between expected and actual experience</u>					
2023	\$ (74,948)	\$ (26,114)	2.87	\$ (22,720)	\$ (48,834)
2022	(21,587)	(6,294)	3.43	(2,705)	(8,999)
2021	43,792	10,921	4.01	108	11,029
<u>Changes in assumptions</u>					
2023	\$ 32,666	11,382	2.87	\$ 9,902	\$ 21,284
2022	0	0	3.43	0	0
2021	(143,350)	(35,748)	4.01	(358)	(36,106)



City of Sylvan Lake

Actuarial Valuation as of January 1, 2023

Form 5572 Compliance Guide

The Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) Health Care (OPEB Report)

Fiscal Year End Date	6/30/2023
Measurement Date	6/30/2023
Valuation Date	1/1/2023

Line	Descriptive Information	<i>Actual</i>
1	Is this unit a primary unit (County, Township, City, Village)?	Yes
2	Name of your retirement health care system	City of Sylvan Lake
3	Financial Information	
4	Retirement health care system's assets (system fiduciary net position ending)	\$922,275
5	Retirement health care system's liabilities (total OPEB liability)	\$655,632
6	Funded ratio: (4)/(5)	140.67%
7	Actuarially Determined Contribution (ADC)	\$0
7a	Is ADC calculated in compliance with Numbered Letter 2018-3?	Yes
8	Governmental Fund Revenues	3,216,498*
9	ADC as % of Governmental Fund Revenues: (7)/(8)	0.00%
10	Membership[^]	
11	Number of Active Members	4
12	Number of Inactive Members (entitled to future benefits)	0
13	Number of Retirees and Beneficiaries	4
14	Amount of (net) premiums paid on behalf of the retirants	\$28,865
15	Investment Performance	
16	Actual Rate of Return - Prior 1-year period	7.45%
17	Actual Rate of Return - Prior 5-year period	5.89%
18	Actual Rate of Return - Prior 10-year period	6.80%
19	Actuarial Assumptions	
20	Assumed Rate of Investment Return	7.00%
21	Discount Rate	7.00%
22	Amortization method utilized for funding the system's unfunded actuarial accrued liability	Level Dollar
23	Amortization period utilized for funding the system's unfunded actuarial accrued liability	25
24	Is each division within the system closed to new employees?	Yes
25	Health Care inflation assumption for the next year	7.75%
26	Health care inflation assumption - Long-Term Trend Rate	4.50%

* Revenues are as disclosed in the most recently available Comprehensive Annual Financial Report; amount must be updated to actual revenues upon completion of Form 5572

[^] Membership is based on participant data provided as of the valuation date. For interim-years, counts may need updated by the Employer upon completion of Form 5572.





City of Sylvan Lake

Actuarial Valuation as of January 1, 2023

Form 5572 Compliance Guide

The Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) Health Care (OPEB Report)

Fiscal Year End Date	6/30/2023
Measurement Date	6/30/2023
Valuation Date	1/1/2023

Line Descriptive Information

27	Uniform Assumptions	<i>Actual</i>
28	Retirement health care system's actuarial value of assets using uniform assumptions	\$922,275
29	Retirement health care system's actuarial accrued liabilities using uniform assumptions	\$644,983
30	Funded ratio using uniform assumptions: (28)/(29)	142.99%
31	Actuarially Determined Contribution (ADC) using uniform assumptions ¹	\$0
32	ADC using uniform assumptions as % of Governmental Fund Revenues: (31)/(8)	0.00%

36 Does this system trigger "underfunded status" as defined by PA 202 of 2017? No

Primary Units: Yes, if Funded Ratio is less than 40% AND ARC is greater than 12% of Governmental Fund Revenues
Non-Primary Units: Yes, if Funded Ratio is less than 40%

¹Development of Actuarially Determined Contribution (ADC) using Uniform Assumptions

	6/30/2023
<u>Normal Cost Component</u>	
Normal Cost	\$ 0
<u>Amortization Component</u>	
Actuarial Accrued Liability	\$ 644,983
Less Assets	922,275
Unfunded Actuarial Accrued Liability	\$ 0
Amortization Factor	12.81276
Amortization Payment	\$ 0
Actuarially Determined Contribution (ADC) using Uniform Assumptions	\$ 0

Discount Rate:	6.85%
Wage Increase Rate:	3.00%
Amortization Period (years):	26
Amortization Method:	Level Dollar
Plan Type (Open vs. Closed):	Closed





City of Sylvan Lake Actuarial Valuation as of January 1, 2023

Participant Summary

Participant Summary

Metric	Active Employees	Retirees and Spouses
Covered Participants	4	4
Average Age	55.3	65.7
Average Service	29.3	N/A
Percentage Male	75.0	50.0

Age and Service Chart

Attained Age	Years of Credited Service										
	<1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40+	Total
Under 25	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	0	0	0	0	0	0	0	0
40 to 44	0	0	0	0	0	0	0	0	0	0	0
45 to 49	0	0	0	0	1	0	0	0	0	0	1
50 to 54	0	0	0	0	0	0	0	1	0	0	1
55 to 59	0	0	0	0	0	0	0	1	0	0	1
60 to 64	0	0	0	0	0	0	0	0	1	0	1
65 to 70	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	1	0	0	2	1	0	4



City of Sylvan Lake Actuarial Valuation as of January 1, 2023

Summary of Plan Provisions

Retiree Benefits and Eligibility The Employer provides pre-Medicare medical, pharmacy, dental, and vision benefits for eligible retirees and their spouses through a fully-insured plan administered by Blue Cross Blue Shield of Michigan. Medicare-eligible retirees receive a monthly stipend of \$200 per eligible retiree and spouse.

Hired prior to July 1, 2008

Any age with 25 years of full-time service for John Martin,
Any age with 20 years of full-time service for Dennise Dryden,
Age 55 with 10 years of full-time service for all others

Hired on or after July 1, 2008

Not eligible for benefits upon retirement. Employees are enrolled in a Health Care Savings Program (HCSP) administered by MERS

Length of Benefits *Retiree* : Life
Spouse : Life or until remarriage

Retiree Contributions Pre-65 premiums as well as the monthly post-65 stipend are paid 100% by the City.

Medical Plan	Community Blue PPO	In-Network	Out-of-Network
Deductible (Sing. / Fam.)	\$250 / \$500		\$500 / \$1,000
Coinsurance	20%		40%
Coins. Max (Sing. / Fam.)	\$1,250 / \$2,500		\$2,500 / \$5,000
OOP Max (Sing. / Fam.)	\$8,700 / \$17,400		\$17,400 / \$34,800
PCP Office Visit Copay	\$20 per visit		60% after OON ded.
Urgent Care Copay	\$60 per visit		60% after OON ded.
ER Copay	\$150 per visit		\$150 per visit
3-Tier Drug Copays	\$5 / \$40 / \$80		

Dental Plan	Blue Dental PPO	Coverage
Deductible (S. / C. / F.)	\$25 / \$50 / \$75	
Coinsurance		
Class I Services	None (covered at 100%)	
Class II Services	20%	
Class III Services	50%	
Class IV Services	50%	
Dollar Maximums	Combined \$1,000 per year	



City of Sylvan Lake Actuarial Valuation as of January 1, 2023

Summary of Plan Provisions

Vision Plan	Vision Service Plan (VSP)	Coverage
	Eye Exam	\$5 copay
	Rx Glasses (lenses/frames)	Combined \$10 copay
	Medical Contact Lenses	\$10 copay
	Elective Contact Lenses	\$130 allowance toward exam + lenses

2023 Annual Premium Rates (Sample)	Age	Medical	Dental	Vision
	30	\$ 6,132	\$ 324	\$ 58
	35	6,602	348	60
	40	6,905	377	64
	45	7,802	411	69
	50	9,650	450	72
	55	12,048	494	75
	60	14,663	543	74
	64	16,209	585	72

**Changes Since
Prior Valuation**

1. OOP and Coinsurance maximums were increased.
2. Premium equivalent rates were updated to reflect current rates and plans.



City of Sylvan Lake

Actuarial Valuation as of January 1, 2023

Actuarial Methods and Assumptions

Actuarial Valuation Date January 1, 2023

Actuarial Cost Method Individual Entry Age Normal as a level percentage of payroll

Discount Rate 7.00% at valuation date
 7.00% for GASB 75 reporting as of June 30, 2023
 6.85% for PA 202 reporting as of June 30, 2023

Annual Wage Increases

Service	Base Wage Inflation	Merit and Longevity	Total Pay Increase
0	3.00%	6.70%	9.70%
1	3.00	4.60	7.60
2	3.00	3.20	6.20
3	3.00	2.70	5.70
4	3.00	2.30	5.30
5	3.00	1.90	4.90
6	3.00	1.70	4.70
7	3.00	1.30	4.30
8	3.00	1.20	4.20
9	3.00	1.20	4.20
10	3.00	1.10	4.10
20	3.00	0.60	3.60
30	3.00	0.20	3.20
40+	3.00	0.00	3.00

Price Inflation 2.50%

Investment Rate of Return 7.00%

Actuarial Value of Assets Market Value

Healthcare Reform The excise tax on high-cost healthcare plans (“Cadillac” tax) has been repealed and is no longer factored into this valuation.

Other aspects of the Affordable Care Act were included in the valuation only to the extent they have already been implemented in the plan.





City of Sylvan Lake

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Actuarial Methods and Assumptions

Annual Per-Capita Claims Costs Per-capita claims costs are equal to the premium rates provided by the insurer. As these rates are already developed on an age-specific per-member basis, no further adjustments were made to the rates provided.

Annual Healthcare Trend

Years after Valuation	Pre-65 Med/Rx		Post-65 Stipend	Dental & Vision
	GASB 75	PA 202		
1	7.75%	7.25%	0.00%	4.50%
2	7.50	7.00	0.00	4.50
3	7.25	6.75	0.00	4.50
4	7.00	6.50	0.00	4.50
5	6.75	6.25	0.00	4.50
6	6.50	6.00	0.00	4.50
7	6.25	5.75	0.00	4.50
8	6.00	5.50	0.00	4.50
9	5.75	5.25	0.00	4.50
10	5.50	5.00	0.00	4.50
11	5.25	4.75	0.00	4.50
12	5.00	4.50	0.00	4.50
13	4.75	4.50	0.00	4.50
14+	4.50	4.50	0.00	4.50

Participation

Future Retirees: 100% of future retirees are assumed to elect coverage at retirement for themselves and their spouse, if married. It is assumed that no one will opt in or opt out of coverage once initial retirement election is made.

Current Retirees: Based on current coverage election. It is assumed that no one will opt in or opt out of coverage once initial retirement election is made.

Marital Status

Future Retirees: 40% of participating retirees are assumed to be married at retirement.

Current Retirees: Based on current coverage election.

Spouse Age

Male spouses are assumed to be 3 years older, and female spouses are assumed to be 3 years younger. Actual age is used for spouses of current retirees, if provided.





City of Sylvan Lake

Actuarial Valuation as of January 1, 2023

Actuarial Methods and Assumptions

Mortality

Pre-Retirement:

Pub-2010 General Employees Mortality Table without adjustment

Healthy Retirees:

Pub-2010 General Retiree Mortality Table scaled by a factor of 106%

Disabled Retirees:

PubNS-2010 Disabled Retiree Mortality Table without adjustment

The mortality assumptions include a margin for future mortality improvements using Scale MP-2019 projected fully-generationally from the central year of data, 2010.

Ninety percent (90%) of active member deaths are assumed to be non-duty deaths, and 10% of the deaths are assumed to be duty related.

Termination

Participants are assumed to terminate employment for reasons other than death, disability or retirement in accordance with annual rates varying by service and employment type. Sample rates are as follows:

Service	Public Safety	General
0	13.90%	23.40%
1	11.60	19.50
2	9.40	15.80
3	7.40	12.50
4	6.10	10.30
5	4.90	8.30
10	3.20	5.40
15	2.40	4.00
20	1.80	3.10
25+	1.50	2.60



City of Sylvan Lake

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Actuarial Methods and Assumptions

Retirement

Participants are assumed to retire in accordance with annual rates varying by service. Rates are based the Retirement rates used in the most recent MERS pension valuation. Rates are only applicable if a participant is eligible to retire with a benefit. Sample rates are as follows:

Normal / Unreduced	
Service	Rate
0 - 4	15%
5 - 9	15
10 - 20	20
21	22
22	24
23	26
24	30
25	34
26 - 30	25
31 - 34	28
35 - 39	25
40+	25

Early (Reduced)	
Age	Rate
All Ages	4%

100% Retirement at age 85

Disability

Participants are assumed to become disabled in accordance with annual rates varying by age. Sample rates are as follows:

Age	Rate
25	0.02%
30	0.02
35	0.05
40	0.08
45	0.21
50	0.29
55	0.38
60+	0.39

Eighty percent (80%) of the disabilities are assumed to be non-duty and 20% of the disabilities are assumed to be duty related.



City of Sylvan Lake

Actuarial Valuation as of January 1, 2023

Actuarial Methods and Assumptions

Changes Since Prior Valuation

1. Discount rate was reduced from 7.35% to 7.00% for GASB 75 reporting.
2. Investment rate of return was reduced from 7.35% to 7.00%.
3. Per-capita costs were updated to reflect experience since the previous valuation.
4. Immediate medical trend was increased from 7.00% to 7.75% for GASB 75 reporting.



City of Sylvan Lake

Actuarial Valuation as of January 1, 2023

Rationale for Key Assumptions

Investment Rate of Return

The investment policy of the Employer is determined based on the goals and objectives of the Plan and the risk tolerance of the Employer. As new information regarding the economic environment becomes available the investment policy may need to be revised. Asset allocations fluctuate due to market performance, however, the targeted OPEB asset allocation is as described below. The Employer's objective in selecting the Expected Long-Term rate of return on Assets is to estimate the single rate of return that reflects the historical returns, future expectations for each asset class, and the asset mix of the plan assets.

Asset Classes	Target Allocation	Real Rate of Return
Global Equity	60%	4.50%
Global Fixed Income	20%	2.00%
Private Investments	20%	7.00%
Expected Real Rate of Return		4.50%
Inflation Rate	+	2.50%
Total Investment Rate of Return		7.00%

Discount Rate

The discount rate is the single rate that reflects (1) the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met.

Given the Employer's Present Value of Future Benefits is more than 100% funded, it is assumed the Employer will make no additional contributions for the remaining life of the plan.

Single Equivalent Interest Rate (SEIR)	Financial Reporting	Uniform Assumption
Long-Term Expected Rate of Return	7.00%	6.85%
S&P Municipal Bond 20-Year High-Grade Rate Index	4.13%	3.54%
Administrative Expenses Paid from the Trust	0.18%	0.18%
Year in which Fiduciary Net Position is Depleted*	N/A	N/A
Single Equivalent Interest Rate	7.00%	6.85%

* A result of "N/A" reflects projected Plan assets that are never depleted for the remaining lifetime of the Plan



City of Sylvan Lake

Actuarial Valuation as of January 1, 2023

Rationale for Key Assumptions

Annual Healthcare Trend

The uniform assumption is based on a survey of over 100 health insurers, managed care organizations, pharmacy benefit managers, and third-party administrators about forecasted health plan cost trends. Respondents included the five largest health insurance payers in the U.S., the five largest pharmacy benefits managers in the U.S., and the largest health insurance plan in the State of Michigan. The healthcare trend survey was published by Segal Consulting in Fall 2022.

Mortality, Termination, Disability, Retirement, Annual Wage Increases

Because the Employer does not have enough data to conduct a fully credible experience analysis with respect to these assumptions, the current assumptions are based on those used in the most recent actuarial valuation of pension benefits through MERS. Said assumptions are based on an experience study conducted using actual MERS experience from 2014 - 2018.

MERS retirement rates are based on pension replacement ratio; for purposes of this valuation, they have been converted to service-related rates to reflect similar expectations.

Participation

The assumed rate of participation for both the employee and spouse incorporated into these measurements is based on observations of the plan's past experience, the actuary's experience with plans of a similar size, plan design and retiree contribution level.



City of Sylvan Lake

Actuarial Valuation as of January 1, 2023

Definitions

Actuarial Present Value of Projected Benefits	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation Date	The date as of which the service cost, total OPEB liability, and related actuarial present value of projected benefit payments is determined in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarially Determined Contribution (ADC)	A target or recommended contribution to a defined benefit plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Closed Period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Contributions	Additions to a OPEB plan's fiduciary net position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government plan), or employees. Contributions can result from cash receipts by the OPEB plan or from recognition by the OPEB plan of a receivable from one of these sources.
Cost-of-Living Adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Covered Employee Payroll	The payroll of employees that are provided with OPEBs through the OPEB plan.
Deferred Outflows and Inflows of Resources Related to OPEBs	Deferred outflows of resources and deferred inflows of resources related to OPEBs arising from certain changes in the net OPEB liability.



City of Sylvan Lake

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Definitions

Defined Benefit OPEB	OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount; (b) an amount that is calculated based on one or more factors such as age, years of service, and compensation; or (c) a type or level of coverage such as prescription drug coverage or a percentage of health insurance premiums.
Defined Contribution OPEB	OPEB having terms that (a) provide an individual account for each employee; (b) define the contributions that an employer or nonemployer contributing entity is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (c) provide that the OPEB an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earning on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as OPEB plan administrative costs, that are allocated to the employee's account.
Discount Rate	<p>The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:</p> <ol style="list-style-type: none">1. The actuarial present value of benefit payments projected to be made in future periods in which (1) the amount of the OPEB plan's fiduciary net position is projected (under the requirements of Statement 75) to be greater than the benefit payments that are projected to be made in that period and (2) OPEB plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on OPEB plan investments.2. The actuarial present value of projected benefit payments not included in (a), calculated using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).



City of Sylvan Lake

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Definitions

Entry Age Actuarial Cost Method	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the <i>normal cost</i> . The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the <i>actuarial accrued liability</i> .
Healthcare Cost Trend Rates	The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
Money-Weighted Rate of Return	A method of calculating period-by-period returns on OPEB plan investments that adjusts for the changing amounts actually invested. For purposes of Statement 74, money-weighted rate of return is calculated as the internal rate of return on OPEB plan investments, net of OPEB plan investment expense.
Net OPEB Liability	The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit OPEB plan.
OPEB Expense	OPEB expense arising from certain changes in the net OPEB liability.
Other Postemployment Benefits (OPEB)	Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
Postemployment Healthcare Benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.



City of Sylvan Lake

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Definitions

Projected Benefit Payments	All benefits (including refunds of employee contributions) estimated to be payable through the OPEB plan (including amounts to be paid by employers or nonemployer contributing entities as the benefits come due) to current active and inactive employees as a result of their past service and their expected future service.
Real Rate of Return	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Termination Benefits	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total OPEB Liability	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 75. The total OPEB liability is the liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria of paragraph 4 of Statement 75.