



County of Yolo
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, 2016 Actuarial Valuation

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Bartel Associates, LLC

August 14, 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, 2016

Note Disclosures

Plan Information

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

Note Disclosures

Expected Long-Term Rate of Return

	Target Allocation*	Expected Real Rate of Return
<ul style="list-style-type: none"> ■ Asset Class Component <ul style="list-style-type: none"> ● Global Equity ● Fixed Income ● REITs ● Cash 	58% 35% 2% 5%	4.82% 1.47% 3.76% 0.06%
■ Assumed Long-Term Rate of Inflation		3.00%
■ Assumed Long-Term Investment Expenses		n/a
■ Expected Long-Term Net Rate of Return		6.55%
■ Discount Rate**		6.50%

* PARS Balanced portfolio.

** The fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using the strategy to achieve the expected return.

Note Disclosures

Covered Participants

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

	Number of Covered Participants
■ Inactives currently receiving benefits	976
■ Inactives entitled to benefit payments	0
■ Active employees	1,405
■ Total	2,381

Note Disclosures

Net OPEB Liability/(Asset)

(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)	\$ 81,962	\$ 78,624
■ Fiduciary Net Position (FNP)	6,655	1,788
■ Net OPEB Liability (NOL)	75,307	76,836
■ Funded status (FNP/TOL)	8.1%	2.3%



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Note Disclosures

Changes in Net OPEB Liability/(Assets)

(Amounts in 000's)

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
■ Balance at 6/30/16	\$ 78,624	\$ 1,788	\$ 76,836
■ Changes for the year			
● Service Cost	3,334	-	3,334
● Interest	5,160	-	5,160
● Difference between actual and expected experience	-	-	-
● Assumption changes	-	-	-
● Contributions - employer*	-	9,532	(9,532)
● Contributions - employee	-	-	-
● Net investment income	-	502	(502)
● Benefit payments and refunds	(5,156)	(5,156)	-
● Administrative expenses	-	(11)	11
■ Net Changes	3,338	4,867	(1,529)
■ Balance at 6/30/17	81,962	6,655	75,307

* Includes \$4,376 County contribution to trust and benefits paid directly by the County of \$4,351 cash benefit payments and \$805 Implied Subsidy benefit payments.



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Note Disclosures

Sensitivity of Net OPEB Liability

(Amounts in 000's)

■ **Changes in the Discount Rate**

	Discount Rate		
	5.50% (1% Decrease)	6.50% (Current Rate)	7.50% (1% Increase)
■ Net OPEB Liability	\$ 84,964	\$ 75,307	\$ 67,218

■ **Changes in the Healthcare Trend Rate**

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
■ Net OPEB Liability	\$ 68,041	\$ 75,307	\$ 83,970

Note Disclosures

OPEB Expense for Fiscal Year

(Amounts in 000's)

	2017/18
■ OPEB Expense	\$ 8,198

See slide 23 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	-	-
■ Net difference between projected and actual earnings on plan investments*	-	(195)
■ Employer contributions made subsequent to the measurement date**	8,979	-
■ Total	8,979	(195)

* Combine Deferred Inflows and Outflows for footnote disclosure.

** Contributions to trust of \$3,911 plus \$4,293 cash benefit payments and \$775 implied subsidy benefit payments by the County.

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	\$ (49)
■ 2020	(49)
■ 2021	(49)
■ 2022	(48)
■ Thereafter	-

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	■ 15-year phase-in to full Actuarially Determined Contribution (ADC): <ul style="list-style-type: none"> • Pay Go, plus • Percentage x (ADC - Pay Go) ■ Percentage: 6.7% in 15/16, increasing by 6.7% annually, until reaching 100% in 2029/30 forward.
■ Discount Rate	■ 6.50% at June 30, 2017 ■ 6.50% at June 30, 2016
■ Expected Long-Term Rate of Return on Investments	■ Same as discount rate - expected County contributions projected to keep sufficient plan assets to pay all benefits from trust.
■ General Inflation	■ 3% per annum
■ Mortality, Retirement, Disability, Termination	■ CalPERS valuation assumptions
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-14 converging to ultimate rates in 2022

Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2017 Measurement Date
■ Salary Increases	■ Aggregate - 3.25% ■ Merit - 6/30/16 CalPERS assumptions
■ Medical Trend	■ Non-Medicare – 6.5% for 2018, decreasing 0.5% per year to an ultimate rate of 5.0% for 2021 and later years ■ Medicare – 6.7% for 2018, decreasing to an ultimate rate of 5.0% for 2021 and later years
■ Healthcare participation for future retirees	■ 80% except 90% for Supervisors group
■ Cap Increases	■ General and Probation: CPI (3.0%) ■ Grandfathered Correctional Officer, General, Deputy Sherrif, and Elected Officials: Medical Trend until new caps effective ■ All other groups: None

Required Supplementary Information

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

(Amounts in 000's)

	Fiscal Year 2017/18
■ Changes in Total OPEB Liability	
● Service Cost	\$ 3,334
● Interest	5,160
● Difference between actual and expected experience	-
● Assumption changes	-
● Benefit payments including refunds	(5,156)
● Changes of benefit terms	-
■ Net Changes	<u>3,338</u>
■ Total OPEB Liability (beginning of year)	<u>78,624</u>
■ Total OPEB Liability (end of year)	81,962



Required Supplementary Information

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

(Amounts in 000's)

	Fiscal Year 2017/18
■ Changes in Plan Fiduciary Net Position	
● Contributions - employer	\$ 9,532
● Contributions - employee	-
● Net investment income	502
● Benefit payments and refunds	(5,156)
● Administrative expenses	(11)
● Other changes	-
● Net Changes	<u>4,867</u>
■ Plan Fiduciary Net Position (beginning of year)	<u>1,788</u>
■ Plan Fiduciary Net Position (end of year)	6,655



Required Supplementary Information

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

(Amounts in 000's)

	Fiscal Year 2017/18
■ Net OPEB Liability/(Asset)	\$ 75,307
■ Fiduciary Net Position as a percentage of the Total OPEB Liability	8.1%
■ Covered employee payroll*	99,342
■ Net OPEB Liability as a percentage of covered employee payroll	76%

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

Required Supplementary Information

Schedule of Employer Contributions

(Amounts in 000's)

	Fiscal Year 2017/18
■ Actuarially Determined Contribution (ADC)	\$ 9,738
■ Contributions in relation to the actuarially determined contribution	8,979
■ Contribution deficiency/(excess)	759
■ Covered employee payroll*	102,756
■ Contributions as a percentage of covered employee payroll	9%

* 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, 2016
■ Actuarial Cost Method	■ Entry Age Normal, Level Percentage of Payroll
■ Amortization Method	■ Level percentage of paryoll
■ Remaining Amortization Period	■ 16 years remaining as of June 30, 2017.
■ Asset Valuation Method	■ Investment gains and losses spread over 5-year rolling period
■ Discount Rate	■ 6.5%
■ General Inflation	■ 3.00%
■ Medical Trend	■ Non-Medicare – 6.5% for 2018, decreasing to an ultimate rate of 5.0% in 2021 and later years ■ Medicare – 6.7% for 2018, decreasing to an ultimate rate of 5.0% in 2021 and later years
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-14 converging to ultimate rates in 2022

Actuarial Certification

This report presents the County of Yolo Retiree Healthcare Plan 2017 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 County 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, participant data, and asset information provided by the County 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, 2016 actuarial valuation. Additional information on participants included in the valuation, actuarial assumptions, and asset infromation can be found in the June 30, 2016 funding 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 in accordance with Actuarial Standards of Practice. 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
August 14, 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	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	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	Outflows	Inflows
16/17	17/18	\$(244)	5	\$ (49)	\$ (49)	\$ (49)	\$ (49)	\$ (48)	\$ -	\$(195)
Total				(49)	(49)	(49)	(49)	(48)	-	(195)

* Calculation of initial amount for 2015/16 measurement period:

Projected earnings on investments \$258 (slide 24), less

Actual earnings on investments \$502 (net of investment income, slide 14), equals

Projected earnings less actual earnings



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	16/17	17/18	18/19	19/20	Outflows	Inflows
16/17	17/18	\$(244)	n/a	\$ (49)	\$ (49)	\$ (49)	\$ (49)	\$ (48)	\$ -	\$(195)
Total				(49)	(49)	(49)	(49)	(48)	-	(195)



Supporting Calculations

Components of GASBS 75 OPEB Expense

(Amounts in 000's)

	Fiscal Year 2017/18
■ Service Cost	\$ 3,334
■ Interest on Total OPEB Liability	5,160
■ Projected earning on investments	(258)
■ Employee contributions	-
■ Administrative expense	11
■ Change in benefits	
■ Recognition of deferred outflows/inflows	
● Experience	-
● Assumptions	-
● Asset returns	(49)
■ OPEB Expense	8,198

Supporting Calculations

Components of GASBS 75 OPEB Expense
Calculation of Projected Earnings on Investments

(Amounts in 000's)

	Dollar Amount	Expected Return	Portion of Year	Projected Earnings
■ Fiduciary Net Position (beginning of year)	\$ 1,788	6.50%	100%	\$ 116
■ Employer contributions	9,532	6.50%	50%	310
■ Employee contributions	-	6.50%	50%	-
■ Benefit payments	(5,156)	6.50%	50%	(168)
■ Administrative expenses	(11)	6.50%	50%	-
■ Projected earnings				258

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	\$ 78,624	6.50%	100%	\$ 5,111
■ Service Cost	3,334	6.50%	100%	217
■ Benefit payments	(5,156)	6.50%	50%	(168)
■ Total Interest				5,160

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	\$ 78,624	\$ 81,962
■ Fiduciary Net Position	1,788	6,655
■ Net OPEB Liability	76,836	75,307
■ Deferred inflows of resources	-	195
■ Deferred outflows of resources	-	-
■ Balance Sheet	76,836	75,502

Check:

■ Balance Sheet 6/30/16	\$ 76,836
● OPEB Expense	8,198
● Contributions	(9,532)
■ Balance Sheet 6/30/17	75,502

Supporting Calculations

Discount Rate Crossover Test Projection of Fiduciary Net Position (Amounts in 000's)

Year	Projected Beginning Fiduciary Net Position	Projected ER Contribs for Current Employees	Projected Benefit Payments	Projected Admin Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
1	\$ 4,282	\$ 5,668	\$ (5,132)	\$ (11)	\$ 482	\$ 5,289
2	5,289	5,680	(5,141)	(13)	548	6,363
3	6,363	5,904	(5,321)	(16)	627	7,556
4	7,556	6,233	(5,491)	(19)	720	9,000
5	9,000	6,587	(5,555)	(22)	835	10,844
6	10,844	7,089	(5,709)	(27)	982	13,179
7	13,179	7,761	(5,940)	(33)	1,170	16,138
8	16,138	8,490	(6,049)	(40)	1,406	19,944
9	19,944	9,416	(6,277)	(50)	1,706	24,739
10	24,739	10,464	(6,569)	(62)	2,076	30,648
*	*	*	*	*	*	*
29	88,681	394	(8,988)	(222)	5,495	85,360
30	85,360	343	(8,797)	(213)	5,282	81,975
31	81,975	295	(8,644)	(205)	5,064	78,486
32	78,486	257	(8,230)	(196)	4,849	75,166
33	75,166	223	(7,966)	(188)	4,639	71,874
*	*	*	*	*	*	*
71	13,414	34	(560)	(34)	855	13,709
72	13,709	34	(465)	(34)	877	14,121
73	14,121	35	(380)	(35)	907	14,648
74	14,648	37	(305)	(37)	944	15,287
75	15,287	38	(240)	(38)	987	16,034