

Santa Barbara County Employees' Retirement System

Other Post-Employment Benefits Actuarial Valuation as of June 30, 2019

Produced by Cheiron

January 2020

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Via Electronic Mail

January 16, 2020

Board of Retirement
Santa Barbara County Employees' Retirement System
3916 State Street, Suite 210
Santa Barbara, CA 93105

Re: Santa Barbara County Employees' Retirement System - Other Post-Employment Benefits Valuation

Dear Members of the Board:

At your request, we have conducted an actuarial valuation for the Santa Barbara County Employees' Retirement System (SBCERS, the System, the Fund, the Plan) to complete its Other Post-Employment Benefits (OPEB) actuarial valuation as of June 30, 2019. The following report contains our findings, as well as disclosures for the Plan's Comprehensive Annual Financial Report (CAFR).

The purpose of this report is to present the actuarial valuation of the Santa Barbara County Employees' Retirement System's Other Post-Employment Benefits. This report is for the use of the County and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

Appendix A describes the member data, assumptions and methods used in calculating the figures throughout the report. In preparing our report, we relied on information (some oral and some written) supplied by SBCERS. This information includes, but is not limited to the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Appendix B contains a summary of the substantive plan provisions based on documentation provided by and discussions with the SBCERS staff.

The results of this report are based on future experience conforming to the actuarial assumptions used. The results will change to the extent that future experience differs from the assumptions. This valuation report does not reflect future changes in benefits, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010, related legislation, or regulations.

The results of this valuation reflect only the financial condition of the Plan as of the valuation date. We recommend reviewing forecasts of the Plan's financial condition under alternative scenarios. Such forecasts, however, are beyond the scope of this assignment.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, collectively, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This valuation report was prepared exclusively for SBCERS for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this valuation report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,
Cheiron



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**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION I – SUMMARY OF RESULTS

The Santa Barbara County Employees' Retirement System has engaged Cheiron to provide a valuation of the County's Other Post-Employment Benefits. The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The funded status of the System and of each Employer individually,
- The contribution necessary to maintain the current funded level of the System and of each Employer individually, and
- Past trends in funding progress.

We have determined costs, liabilities, and trends for the substantive Plan using actuarial assumptions and methods that we consider reasonable.

GASB's OPEB Requirements:

The purpose of this report is to present the annual actuarial valuation of the County's Other Post-Employment Benefits. This report is for the use of the Board and individual employers in setting amounts for the employers to contribute to the Plan. There is a separate report for accounting and financial reporting under GASB Statements 74 and 75.

Implicit Subsidy

GASB 75 requires that the valuation of OPEB plans take into consideration the liability associated with the implicit subsidy that exists when the premium rates charged to active and retired employees are the same, or "blended". This provides the users of SBCERS's financial statement an estimate of the total value of the promised retiree benefit.

The employer's share of the current coverage costs for active and retired employees is typically calculated based on the claim costs or age-adjusted premiums for the employer. However, for this plan the benefit is a fixed payment per year of service that is currently lower than the premiums paid for coverage for all but a handful of individuals, and is expected to remain so into the future, so no age related costs are required to be developed.

It is our opinion that Actuarial Standard of Practice 6 (ASOP 6) requires the recognition of the age-related costs and any implicit subsidy that may exist in the SBCERS health benefit plan offered by the Santa Barbara County Employees' Retirement System. However, we believe that any implicit subsidy that may exist is limited to the dental and vision benefits and is immaterial to the valuation results for the following reasons:

- Retirees and active employees are covered by separate medical and prescription drug plans, and are thus rated separately for purposes of determining premium rates.
- The flat dollar nature of the benefit, which is not expected to increase and is expected to remain less than the cost of retiree premiums.
- While the premiums for Dental and Vision benefits are developed by combining the active and retired participants, these benefits are relatively small and the expected claims are impacted by participant age much less than for medical and prescription drug benefits.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION I – SUMMARY OF RESULTS

Valuation Results

The table below presents the key results of the June 30, 2019 and June 30, 2018 valuations on an aggregate basis. The *Tread Water Indicator* (TWI) gives the level of contributions needed to prevent the unfunded liability from increasing from one valuation date to the next. This metric is the sum of the benefits earned during the year (the normal cost) and one year of interest on the unfunded liability. Beginning with the June 30, 2019 valuation, the TWI also includes the expected administrative expenses for the current year. If contributions are greater than or equal to the TWI, then, so long as all actuarial assumptions are met during the year, the unfunded liability should not grow between valuation dates.

Table I-1 Summary of Key Valuation Results		
Valuation Date	6/30/2019	6/30/2018
Discount Rate (per annum)	Varies¹	Varies¹
Actuarial Accrued Liability		
- Active Employees	\$ 40,799,773	\$ 43,213,214
- Terminated Vested Participants	6,585,637	7,592,877
- Retirees, Disableds, and Beneficiaries	<u>92,042,781</u>	<u>92,387,470</u>
- Total	139,428,191	143,193,561
Assets	\$ 25,853,349	\$ 19,055,271
Unfunded Accrued Liability (UAL)	113,574,842	124,138,290
Funding Ratio	18.5%	13.3%
Interest on UAL to End of Year	\$ 7,807,826	\$ 8,564,031
Expected Administrative Expenses ²	420,438	N/A
Normal Cost with Interest to End of Year	<u>1,680,387</u>	<u>1,842,628</u>
Tread Water Indicator	9,908,651	10,406,659
Normal Cost % of Pay ³	0.70%	0.75%
Tread Water Indicator as % of pay³	4.38%	4.34%
<i>Expected/ Actual Funding Policy Contribution Amount</i>	\$ 14,525,171	\$ 14,439,080

¹The discount rate used varies by employer with SB County, Courts, and APCD valued at 7.00%, and all other employers valued at 3.50% as of 6/30/2019 and 3.87% as of 6/30/2018.

² Beginning with the 6/30/2019 valuation an amount for expected administrative expenses has been included in the Tread Water Indicator (TWI), based on the prior year expenses increased by expected inflation.

³ Expressed as a percentage of pay for members eligible for OPEB.

Table I-1 on the prior page shows a decrease in the actuarial liability since the June 30, 2018 valuation. This decrease is due to assumption changes as well as demographic experience.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION I – SUMMARY OF RESULTS

Several new demographic assumptions were adopted by the Board of Retirement at the December 11, 2019 board meeting based on the recommendations from our Experience Study covering Plan experience during the period from June 30, 2016 through June 30, 2019. Please refer to the experience study report and our Board presentations for an explanation of the rationale for each assumption. In addition, due to recent experience in the OPEB plan, the assumption for election of the \$15 subsidy vs. the \$4 supplement was changed for newly retiring Non-Medicare eligible retirees. Each of the changes described above decreased the actuarial liability.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION I – SUMMARY OF RESULTS

The table below shows the expected net benefit payments for the next 20 years for the current active and retired members. These payments do not include any projected new hires, nor do they include any expected administrative expenses.

Table I-2 Expected Net Benefit Payments											
Fiscal Year Ending June 30	Santa Barbara County	Carpinteria- Summerland- FPD	Santa Maria Cemetery	Goleta Cemetery	SB County Assoc of Govts	Summerland Sanitary	Carpinteria Cemetery	Air Pollution Control District	Courts	Total	
2020	\$ 8,739,445	\$ 154,355	\$ 18,264	\$ 4,583	\$ 7,032	\$ 4,940	\$ 2,207	\$ 110,244	\$ 450,632	\$ 9,491,701	
2021	8,923,004	157,293	19,888	5,129	8,425	5,727	2,277	114,038	471,037	9,706,818	
2022	9,122,197	160,315	21,022	5,673	9,870	6,924	2,368	119,214	489,693	9,937,275	
2023	9,308,833	161,883	22,405	6,286	11,462	8,038	2,457	123,068	506,691	10,151,123	
2024	9,491,751	162,434	23,113	6,761	13,400	8,965	2,543	125,978	526,946	10,361,891	
2025	9,684,449	162,878	23,732	7,143	15,107	9,624	2,676	127,799	543,531	10,576,940	
2026	9,845,416	163,871	24,485	7,553	16,721	10,531	2,877	133,441	562,405	10,767,300	
2027	9,997,046	165,002	25,257	7,755	20,343	10,816	3,100	134,737	576,904	10,940,960	
2028	10,154,845	164,400	25,958	8,026	24,146	10,933	3,299	134,609	591,477	11,117,693	
2029	10,285,140	163,679	27,002	8,173	25,887	10,973	3,766	135,551	603,863	11,264,033	
2030	10,409,708	162,456	27,958	8,224	27,738	10,968	3,968	135,106	617,531	11,403,658	
2031	10,512,961	162,689	28,092	8,270	30,216	11,007	4,068	133,457	632,658	11,523,417	
2032	10,600,249	162,561	28,060	8,278	31,940	10,956	4,114	131,563	643,571	11,621,291	
2033	10,664,975	160,044	27,957	8,244	33,868	10,910	4,123	129,679	655,859	11,695,660	
2034	10,709,165	157,709	27,936	8,115	34,346	10,894	4,111	129,148	671,003	11,752,427	
2035	10,736,627	154,760	27,698	7,963	34,991	10,951	4,080	126,352	676,578	11,780,001	
2036	10,756,199	152,559	27,635	7,790	36,689	10,959	4,036	123,433	683,673	11,802,973	
2037	10,761,260	149,322	27,474	7,594	37,091	10,859	3,981	122,532	684,706	11,804,818	
2038	10,735,000	146,657	27,292	7,375	37,260	11,146	3,915	119,380	684,864	11,772,890	
2039	10,672,938	144,375	27,014	7,211	38,837	11,042	3,847	117,152	680,784	11,703,201	

The remainder of this report provides additional detail.



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION II – ASSETS

Table II-1 below shows the changes in the market value of assets, for each employer and in aggregate, for the last year.

Table II-1 Changes in Market Value of Assets by Employer, 2018 to 2019											
	Santa Barbara County	Carpinteria- Summerland- FPD	Santa Maria Cemetery	Goleta Cemetery	SB County		Summerland Sanitary	Carpinteria Cemetery	Air Pollution Control District Courts		Total
Market Value of Assets, June 30, 2018	\$ 16,290,111	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,536,427	\$ 1,228,732	\$ 19,055,269
Employer Contributions	13,205,210	146,664	17,298	2,929	5,955	4,513	2,179	195,913	450,056	14,030,716	
Interest and Investment Income	1,666,607	0	0	0	0	0	0	152,446	110,000	1,929,053	
Administrative Expenses	(378,732)	(5,111)	(679)	(280)	(565)	(175)	(166)	(6,632)	(16,845)	(409,185)	
Benefit Payments	(8,461,997)	(150,732)	(17,299)	(3,447)	(1,243)	(4,513)	(2,179)	(104,211)	(415,247)	(9,160,868)	
Admin. Expense Reimbursement	378,516	5,111	655	280	565	175	166	6,608	16,287	408,364	
Market Value of Assets, June 30, 2019	\$22,699,716	\$ (4,068)	\$ (24)	\$ (517)	\$ 4,712	\$ 0	\$ 1	\$ 1,780,551	\$ 1,372,982	\$ 25,853,349	

Numbers may not sum to totals due to rounding

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION III – MEASURES OF LIABILITY

A valuable benchmark to follow is the Tread Water Indicator (TWI). This indicator gives the level of contributions needed to prevent the unfunded liability from increasing from one valuation date to the next, making it particularly useful for Employers not funding OPEB benefits. The TWI is the sum of the benefits earned during the year (the normal cost) and one year of interest on the unfunded liability. Beginning with the June 30, 2019 valuation, we have also included an amount for the expected administrative expenses charged to each employer, based on the prior year expenses increased by the Plan's inflation assumption (2.75%). If contributions are greater than or equal to the TWI, then, so long as all actuarial assumptions are met during the year, the unfunded liability should not grow between valuation dates. In addition, it is useful to analyze the funded percentage of the Plan as well as that of each Employer individually.

Group	Santa Barbara County	Carpinteria- Summerland- FPD	Santa Maria Cemetery	Goleta Cemetery	SB County Assoc of Govts	Summerland Sanitary	Carpinteria Cemetery	Air Pollution Control District	Courts	Total
Single Equivalent Discount Rate	7.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	7.00%	7.00%	Various
Fully Projected Liability	\$ 136,413,386	\$ 3,245,807	\$ 518,890	\$ 144,159	\$ 644,079	\$ 198,397	\$ 79,072	\$ 1,658,909	\$ 8,122,253	\$ 151,024,952
Actuarial Accrued Liability (AAL)	\$ 126,401,898	\$ 2,773,460	\$ 444,536	\$ 111,235	\$ 512,334	\$ 169,517	\$ 57,964	\$ 1,600,376	\$ 7,356,871	\$ 139,428,191
Actuarial Value of Assets	<u>22,699,716</u>	<u>(4,068)</u>	<u>(24)</u>	<u>(517)</u>	<u>4,712</u>	<u>0</u>	<u>1</u>	<u>1,780,551</u>	<u>1,372,982</u>	<u>25,853,349</u>
Unfunded Actuarial Accrued Liability (UAAL)	103,702,182	2,777,528	444,560	111,752	507,622	169,517	57,963	(180,175)	5,983,889	113,574,842
Funded Percentage	18.0%	-0.1%	0.0%	-0.5%	0.9%	0.0%	0.0%	111.3%	18.7%	18.5%
Interest on UAAL	\$ 7,259,153	\$ 97,213	\$ 15,560	\$ 3,911	\$ 17,767	\$ 5,933	\$ 2,029	\$ (12,612)	\$ 418,872	\$ 7,807,826
Expected Administrative Expenses	389,147	5,252	698	287	581	180	171	6,814	17,308	420,438
Normal Cost at end of year	<u>1,470,481</u>	<u>51,907</u>	<u>9,834</u>	<u>5,275</u>	<u>16,515</u>	<u>5,095</u>	<u>2,142</u>	<u>10,176</u>	<u>108,962</u>	<u>1,680,387</u>
Tread Water Indicator for Fiscal Year 2019-20	9,118,781	154,372	26,092	9,473	34,863	11,208	4,342	4,378	545,142	9,908,651
<i>Projected Contribution for Fiscal Year 2019-20</i>	<i>\$ 14,118,015</i>	<i>\$ 159,607</i>	<i>\$ 18,962</i>	<i>\$ 4,870</i>	<i>\$ 7,613</i>	<i>\$ 5,120</i>	<i>\$ 2,378</i>	<i>\$ 161,104</i>	<i>\$ 467,940</i>	<i>\$ 14,945,609</i>

Estimated figures shown in italics; numbers may not sum to totals due to rounding

In the table above, many of the employers show a negative asset balance. This negative balance is due to administrative timing. Retiree benefits and administrative expenses are paid through the trust. The trust then requests reimbursements from the employers. In some situations the reimbursement requests will be issued after the close of the fiscal year. The assets will show a positive balance of the same magnitude in the following fiscal year and return to a \$0 balance by the following fiscal year end. Due to a similar timing mechanism, the Santa Barbara County Association of Governments shows a positive asset value as of the fiscal year end. The asset balance for this employer is also expected to revert to \$0 eventually.



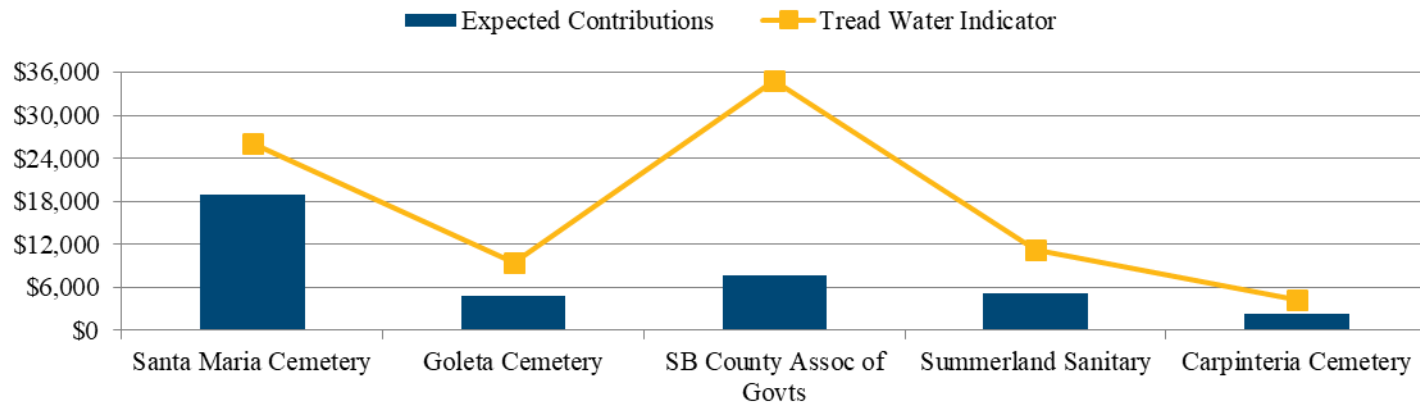
**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION III – MEASURES OF LIABILITY

As shown in Table III-1 on the previous page, it is primarily those Employers actively funding their OPEB liabilities that are expected to meet the tread water level of contributions in the coming year. Santa Barbara County is one of the Employers prefunding their liabilities and their projected contribution for FYE 2020 of \$14.1 million is greater than their tread water level of \$9.1 million. In addition, the County holds a large portion of the total liability for the Plan. As a result, the Plan's unfunded liability should decrease between valuation dates if all actuarial assumptions are met. Along with the County, the Air Pollution Control District is prefunding their OPEB liabilities.

The following charts show the expected contributions and tread water levels as of the fiscal year ending June 30, 2020 for several of the employers that are not prefunding their OPEB liabilities. Note: due to differences in scale, it is impractical to show all of the employers in the same chart.

**Expected Contributions and Tread Water Levels for the
Fiscal Year Ending June 30, 2020**



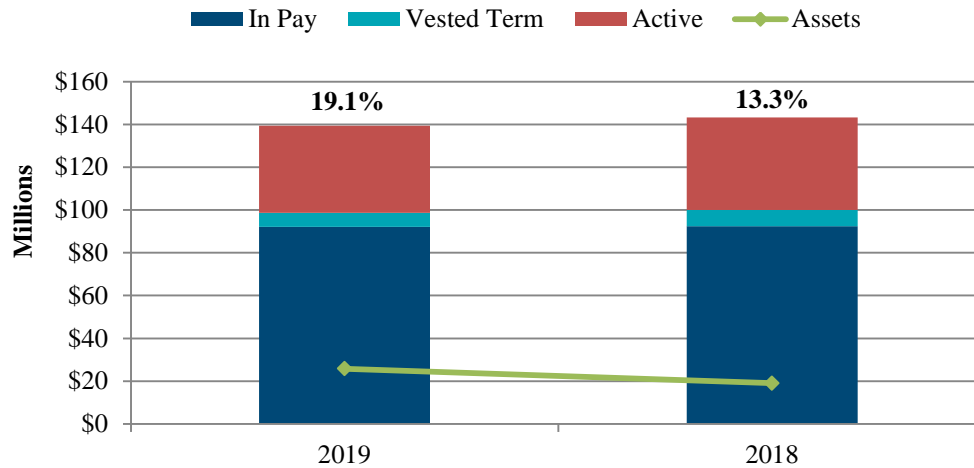
The unfunded liability will grow for each of the employers in the chart above since their projected contribution amount is less than their TWI. The unfunded liability is also expected to grow for the Courts since their projected contribution of \$468,000 is less than the tread water level of \$545,000. However, even though Carpinteria-Summerland Fire Protection District are not prefunding the Plan, their expected contributions are larger than their Tread Water Indicator and their unfunded liability is expected to be smaller as of the following valuation date. These statements assume that all actuarial assumptions are met in the coming year.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION III – MEASURES OF LIABILITY

The following chart summarizes the funded status as of the June 30, 2018 and June 30, 2019 actuarial valuations. The stacked bars represent the Actuarial Liability broken into separate components for members currently receiving benefits, vested terminated members and active members. The green line shows the assets as of each valuation date, and the funded status is displayed above the bars.

SBCERS OPEB Plan - Funded Status



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION IV – ACCOUNTING DISCLOSURES

The Government Finance Officers Association (GFOA) maintains a checklist of items to be included in the Plan's Comprehensive Annual Financial Report (CAFR) in order to receive recognition for excellence in financial reporting. The schedules in this section are listed by the GFOA for inclusion in the Actuarial Section of the Plan's CAFR. All amounts prior to June 30, 2014 were calculated by the prior actuary.

Table IV-1								
MEMBER BENEFIT COVERAGE INFORMATION								
(dollars in thousands)								
Valuation Date	(A)	(B)	(C)				Portion of Actuarial Liabilities Covered by Reported Assets	
	Active Member Contributions	Retirees And Beneficiaries	Remaining Active Members' Liabilities	Reported Assets	(A)	(B)	(C)	
June 30, 2019	N/A	\$ 98,628	\$ 40,800	\$ 25,853	N/A	26%	0%	
2018	N/A	99,980	43,213	19,055	N/A	19%	0%	
2017	N/A	100,893	45,959	13,988	N/A	14%	0%	
2016	N/A	104,178	51,299	8,031	N/A	8%	0%	
2014	N/A	121,241	71,964	4,070	N/A	3%	0%	
2012	N/A	119,488	70,691	3,035	N/A	3%	0%	

The table above was previously referred to as the Solvency Test by the Government Finance Officers Association (GFOA). It should be noted, however, that it does not test the solvency of the Plan in the sense understood by financial economists in that a 100% ratio would mean that there were sufficient assets to settle the obligation on the valuation date. Instead, a 100% ratio only means that assets are expected to be sufficient if all assumptions are met in the future, including the expected rate of return on investments. We understand that the new GFOA checklist refers to the exhibit providing member benefit coverage information.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION IV – ACCOUNTING DISCLOSURES

Table IV-2 ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE (dollars in millions)	
Unfunded Actuarial Liability (UAL) as of June 30, 2018	\$ 124.1
Expected Change in UAL	(3.9)
Actuarial (Gains) or Losses During the Year	
Asset Return (Greater) or Less than Expected	\$ (0.4)
Employer Contribution (Greater) or Less than Expected	(0.2)
Changes in Assumptions and Methodology	(2.7)
All Other (Including Demographic Experience)	(3.3)
Total Changes	\$ (10.5)
Unfunded Actuarial Liability (UAL) as of June 30, 2019	\$ 113.6

- *Changes in Actuarial Assumptions* include:
 - The effects of changes to the discount rates for the Employers. There was no change in discount rate for Santa Barbara County, Courts, or the Air Pollution Control District. The discount rate used for all other Employers decreased from 3.87% to 3.50%.
 - Updating the demographic assumptions to match those used in the June 30, 2019 pension valuation.
 - Updating the election assumption for new Non-Medicare-Eligible retirees regarding the \$15 subsidy.
- *Plan Amendments* includes the effects of plan changes that impact the benefits provided. There have been no changes to the plan benefits that affect the actuarial liabilities since the prior valuation. However, it was realized subsequent to the June 30, 2018 actuarial valuation, that Summerland Sanitary District closed the plan to all Plan 8 members. The impact of this change decreased the UAL by about \$4,000.
- *Other Changes* includes the effect of changes in the demographics of the covered members and any other change not captured in the above items. The main cause of the demographic gain was a change in the benefit election from the \$15 per month subsidy to the \$4 per month supplemental benefit for a number of current retirees.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION IV – ACCOUNTING DISCLOSURES

Schedule of Funding Progress

The schedule of funding progress compares the assets used for funding purposes to the comparable liabilities to determine how well the Plan is funded. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The actuarial liability has been determined assuming that the Plan is closed as of December 31, 2018 and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions.

Table IV-3 Schedule of Funding Progress as of June 30, 2019											
Group	Santa Barbara County	Carpinteria- Summerland- FPD	Santa Maria Cemetery	Goleta Cemetery	SB County Assoc of Govts	Summerland Sanitary	Carpinteria Cemetery	Air Pollution Control District	Courts	Total	
Actuarial Value of Assets (a)	\$ 22,699,716	\$ (4,068)	\$ (24)	\$ (517)	\$ 4,712	\$ 0	\$ 1	\$ 1,780,551	\$ 1,372,982	\$ 25,853,349	
Actuarial Accrued Liabilities (b)	\$ 126,401,898	\$ 2,773,460	\$ 444,536	\$ 111,235	\$ 512,334	\$ 169,517	\$ 57,964	\$ 1,600,376	\$ 7,356,871	\$ 139,428,191	
Unfunded Actuarial Liabilities (UAL)¹ [b-a]	\$ 103,702,182	\$ 2,777,528	\$ 444,560	\$ 111,752	\$ 507,622	\$ 169,517	\$ 57,963	\$ (180,175)	\$ 5,983,889	\$ 113,574,838	
Funded Ratio (a/b)	17.96%	-0.15%	-0.01%	-0.46%	0.92%	0.00%	0.00%	111.26%	18.66%	18.54%	
Annual Covered Payroll² (c)	\$ 217,652,805	4,062,921	386,901	270,273	1,190,921	311,321	137,016	1,876,450	14,500,063	\$ 240,388,671	
(UAL) as Percentage of Covered Payroll [(b-a)/c]	47.65%	68.36%	114.90%	41.35%	42.62%	54.45%	42.30%	-9.60%	41.27%	47.25%	

¹Numbers may not sum to total due to rounding.

²Projected Payroll shown is that for those covered under the OPEB plan.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

SECTION IV – ACCOUNTING DISCLOSURES

History of Employer Contributions

The history of employer contributions shows how the contributions made to the Plan have historically compared to the Tread Water Indicator (TWI). All amounts prior to June 30, 2014 were calculated by the prior actuary. Beginning with the FYE 2020, the TWI includes an amount for expected administrative expenses.

Table IV-4 Schedule of Employer Contributions				
Fiscal Year Ending	Tread Water Indicator (TWI)	Actual Contributions	Percentage of TWI Contributed	
2020	\$ 9,908,651	\$ <i>14,945,609</i>	<i>150.8%</i>	
2019	10,406,659	14,439,080	138.7%	
2018	10,947,831	13,546,794	123.7%	
2017	11,565,144	14,639,554	126.6%	
2016	13,267,201	12,105,886	91.2%	
2015	12,975,477	9,436,450	72.7%	
2014	13,376,293	9,222,130	68.9%	
2013	13,001,703	8,367,493	64.4%	

Estimated figures shown in italics

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019

SECTION IV – ACCOUNTING DISCLOSURES

We have also provided a *Note to Required Supplementary Information* for the financial statements.

Table IV-5 Note to Required Supplementary Information	
The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.	
Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value
Actuarial Assumptions:	
Payroll Growth Rate	3.00%
Discount Rate	7.00% for SB County, Courts, and APCD, 3.50% for all others
Ultimate Rate of Medical Inflation	N/A

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX A – MEMBER DATA

Member Data Comparisons

	June 30, 2019	June 30, 2018	% Change
Active Employees ¹			
Count	2,705	2,893	6.95%
Average Age	48.3	48.0	(0.56%)
Average Service	16.6	16.0	(3.80%)
Total Payroll	\$ 240,388,671	\$ 247,675,343	3.03%
Count of Terminated Vested Participants	906	943	4.08%
Average Age	47.1	48.8	3.60%
Count of Retired Participants	3,639	3,508	(3.60%)
Average Age	70.2	70.1	(0.20%)
Count of Disabled Participants	266	263	(1.13%)
Average Age	66.7	65.9	(1.12%)
Count of Surviving Spouses	553	526	(4.88%)
Average Age	76.7	73.0	(4.82%)
Total Count of Inactive Participants	4,297	4,297	0.00%

¹Active census and salary information includes only those eligible for the OPEB benefit, and as a result will not match the SBCERS pension census information for the same period.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX A – MEMBER DATA

Detailed Census Counts by Employer:

Counts by Employer										
June 30, 2019	Santa Barbara	Carpinteria-	Santa Maria	Goleta	SB County	Summerland	Carpinteria	Air Pollution	Courts	Total
	County	Summerland-	Cemetery	Cemetery	Assoc of	Sanitary	Cemetery	Control		
		FPO			Govts			District		
Active employees	2,415	35	7	4	11	3	2	18	210	2,705
Vested Terminated Employees	833	4	0	1	13	0	0	15	40	906
Retirees and Surviving Spouses	4,141	47	6	5	16	1	2	66	174	4,458
Total	7,389	86	13	10	40	4	4	99	424	8,069
Counts by Employer										
June 30, 2018	Santa Barbara	Carpinteria-	Santa Maria	Goleta	SB County	Summerland	Carpinteria	Air Pollution	Courts	Total
	County	Summerland-	Cemetery	Cemetery	Assoc of	Sanitary	Cemetery	Control		
		FPO			Govts			District		
Active employees	2,583	36	7	4	16	5	2	20	220	2,893
Vested Terminated Employees	871	5	0	1	13	0	1	17	35	943
Retirees and Surviving Spouses	4,001	45	6	4	15	1	2	62	161	4,297
Total	7,455	86	13	9	44	6	5	99	416	8,133

Note: Oak Hill Cemetery and Mosquito & Vector Control do not participate in the plan. They are excluded from this table and the calculations in this report.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX B –ASSUMPTIONS AND METHODS

Economic Assumptions:

- | | |
|---|---|
| 1. Expected Return on Trust Assets: | 7.00% per year |
| 2. Discount Rate: | 7.00% for SB County, APCD and the Courts
3.50% for all other Employers |
| 3. Inflation Rate: | 2.75% per year |
| 4. Payroll Growth Rate: | 3.00% per year |
| 5. Per Person Cost Trends: | N/A |
| 6. Postretirement Benefit Increases: | None |

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX B –ASSUMPTIONS AND METHODS

Demographic Assumptions:

1. Retirement Rates for active employees:

Rates of retirement are based on age and service according to the following table. The rates for Safety PEPPRA members are the same as the Safety Plan 4 rates.

Rates of Retirement											
Age	General			General - PEPPRA		Safety					
	Svc < 20	20-29	Svc >= 30	Svc < 25	Svc >= 25	Plan 4			Plan 6		
	Svc < 20	20-29	Svc >= 30	Svc < 25	Svc >= 25	Svc < 20	20-29	Svc >= 30	Svc < 20	20-29	Svc >= 30
< 38	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
38	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	3.00%	3.00%
39	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	3.00%	3.00%
40	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	3.00%	3.00%
41	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	3.00%	3.00%
42	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	3.00%	3.00%
43	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	3.00%	3.00%
44	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	3.00%	3.00%
45	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	3.00%	3.00%
46	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	3.00%	3.00%
47	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	3.00%	3.00%
48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	3.00%	3.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	3.00%	0.00%	15.00%	50.00%
50	2.00%	2.00%	10.00%	0.00%	0.00%	3.00%	2.50%	5.00%	10.00%	25.00%	50.00%
51	2.50%	2.50%	4.00%	0.00%	0.00%	3.00%	2.50%	5.00%	10.00%	15.00%	20.00%
52	2.50%	2.50%	4.00%	2.00%	3.00%	3.00%	2.50%	5.00%	10.00%	15.00%	20.00%
53	4.00%	4.00%	4.00%	2.00%	2.00%	3.00%	5.00%	5.00%	7.50%	15.00%	20.00%
54	4.00%	4.00%	5.00%	3.00%	3.50%	10.00%	10.00%	30.00%	7.50%	15.00%	30.00%
55	4.00%	5.00%	10.00%	3.00%	7.00%	10.00%	25.00%	50.00%	7.50%	15.00%	35.00%
56	4.00%	5.00%	10.00%	3.00%	7.00%	10.00%	15.00%	25.00%	7.50%	15.00%	25.00%
57	7.00%	7.00%	10.00%	4.50%	6.00%	10.00%	15.00%	25.00%	10.00%	25.00%	25.00%
58	7.00%	7.00%	10.00%	4.50%	6.00%	10.00%	15.00%	40.00%	10.00%	25.00%	25.00%
59	7.00%	7.00%	15.00%	5.00%	10.00%	10.00%	30.00%	40.00%	15.00%	25.00%	25.00%
60	7.00%	10.00%	15.00%	5.00%	10.00%	10.00%	30.00%	50.00%	15.00%	25.00%	25.00%
61	15.00%	20.00%	30.00%	12.50%	15.00%	25.00%	30.00%	35.00%	20.00%	25.00%	25.00%
62	20.00%	30.00%	40.00%	15.00%	25.00%	25.00%	30.00%	35.00%	20.00%	25.00%	25.00%
63	15.00%	25.00%	40.00%	10.00%	25.00%	15.00%	30.00%	35.00%	10.00%	25.00%	25.00%
64	25.00%	25.00%	40.00%	15.00%	20.00%	15.00%	30.00%	35.00%	10.00%	25.00%	25.00%
65	30.00%	40.00%	50.00%	20.00%	30.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
66	30.00%	40.00%	50.00%	20.00%	30.00%						
67	26.00%	33.00%	40.00%	35.00%	40.00%						
68	26.00%	33.00%	40.00%	20.00%	30.00%						
69	26.00%	33.00%	40.00%	20.00%	30.00%						
70	26.00%	33.00%	40.00%	20.00%	30.00%						
71	26.00%	33.00%	40.00%	20.00%	30.00%						
72	26.00%	33.00%	40.00%	20.00%	30.00%						
73	26.00%	33.00%	40.00%	20.00%	30.00%						
74	26.00%	33.00%	40.00%	20.00%	30.00%						
75	100.00%	100.00%	100.00%	100.00%	100.00%						

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX B –ASSUMPTIONS AND METHODS

2. Rates of Termination:

Sample rates of termination are show in the following table below. The 1.30% rate of termination continues for Safety PEPPRA members with 20 or more years of service who are not eligible to retire.

Rates of Termination		
Service	General	Safety
0	20.00%	9.00%
1	14.00%	9.00%
2	10.00%	3.50%
3	8.00%	3.00%
4	7.00%	3.00%
5	6.00%	5.00%
6	6.00%	2.75%
7	5.00%	2.75%
8	5.00%	2.75%
9	4.50%	2.75%
10	4.50%	2.00%
11	3.50%	1.50%
12	3.50%	1.30%
13	3.00%	1.30%
14	2.50%	1.30%
15	2.50%	1.30%
16	2.50%	1.30%
17	1.50%	1.30%
18	1.50%	1.30%
19	1.50%	1.30%
20	1.50%	0.00%
21	1.50%	
22	1.50%	
23	1.50%	
24	1.50%	
25	1.50%	
26	1.50%	
27	1.50%	
28	1.50%	
29	1.50%	
30	0.00%	

Note: Termination rates do not apply once a member is eligible for retirement.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX B –ASSUMPTIONS AND METHODS

3. Withdrawal:

Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions, forfeiting entitlement to future Plan benefits.

Rates of Withdrawal		
Service	General	Safety
0	100.00%	100.00%
1	100.00%	100.00%
2	100.00%	100.00%
3	100.00%	100.00%
4	100.00%	100.00%
5	20.00%	15.00%
6	20.00%	15.00%
7	20.00%	15.00%
8	20.00%	15.00%
9	20.00%	15.00%
10	15.00%	10.00%
11	15.00%	10.00%
12	15.00%	10.00%
13	15.00%	10.00%
14	15.00%	10.00%
15	10.00%	5.00%
16	10.00%	5.00%
17	10.00%	5.00%
18	10.00%	5.00%
19	10.00%	5.00%
20	5.00%	0.00%
21	5.00%	0.00%
22	5.00%	0.00%
23	5.00%	0.00%
24	5.00%	0.00%
25	0.00%	0.00%
26	0.00%	0.00%
27	0.00%	0.00%
28	0.00%	0.00%
29	0.00%	0.00%
30	0.00%	0.00%

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX B –ASSUMPTIONS AND METHODS

4. Reciprocal Transfers:

30% of vested terminated General (except Plan 2) and 35% of vested terminated Safety Members that leave their member contributions on deposit with the Plan are assumed to be reciprocal. Reciprocal members are assumed to remain with the reciprocal agency until retirement

5. Retirement Rates for Terminated Vested and Reciprocal participants:

The table below shows the assumed retirement ages for terminated vested and reciprocal participants.

Plan	Assumed Retirement Age	
	Terminated Vested	Reciprocal
APCD 1,2 / General 5A,B,C / Plan 7 / Plan 8 (PEPRA)	58	60
General Plan 2	60	60
Safety Plan 4A,B,C, Safety Plan 8 (PEPRA)	55	55
Safety Plan 6A,B,C	52	55

6. Rates of Mortality for Healthy Lives:

Healthy Lives:

Mortality rates for General active members are based on the sex distinct Public General 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment.

Non-duty related mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment. Safety active members are also subject to the 2014 CalPERS Preretirement Industrial Mortality Table for duty-related deaths, with generational mortality improvements projected from 2009 using Projection Scale MP-2019, without adjustment.

Mortality rates for healthy General annuitants are based on the sex distinct Public General 2010 Above-Median Income Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019.

Mortality rates for Safety annuitants are based the sex distinct Public Safety 2010 Retiree Mortality Table, with generational improvements projected from 2010 using Projection Scale MP-2019.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX B –ASSUMPTIONS AND METHODS

Disabled Lives:

Mortality rates for disabled retirees are based on 2014 CalPERS Industrial Disabled Annuitant Mortality, with no adjustment (Safety only), 2014 CalPERS Non-Industrial Disabled Annuitant Mortality, with no adjustment (General only), with Generational improvement using Projection Scale MP-2016 from a base year of 2009.

7. Disability Rates:

General member rates are based on the sex distinct CalPERS Non-Industrial Disability Miscellaneous Public Agency rates.

Safety members are based the sum of the Industrial and Non-Industrial Disability State Safety rates.

Representative disability rates of active participants are shown below.

Rates of Disability						
Age	General Years of Service				Safety Years of Service	
	Males		Females		Less than 5	5 or More
	Less than 5	5 or More	Less than 5	5 or More		
20	0.009%	0.017%	0.009%	0.016%	0.034%	0.038%
25	0.009%	0.017%	0.009%	0.016%	0.117%	0.130%
30	0.010%	0.019%	0.013%	0.024%	0.210%	0.233%
35	0.021%	0.039%	0.039%	0.071%	0.302%	0.336%
40	0.056%	0.102%	0.074%	0.135%	0.389%	0.432%
45	0.083%	0.151%	0.103%	0.188%	0.509%	0.565%
50	0.087%	0.158%	0.109%	0.199%	0.682%	0.758%
55	0.087%	0.158%	0.082%	0.149%	0.808%	0.898%
60	0.084%	0.153%	0.058%	0.105%	0.974%	1.082%
65	0.070%	0.128%	0.048%	0.088%	0.000%	0.000%
70	0.056%	0.102%	0.046%	0.084%		
75	0.000%	0.000%	0.000%	0.000%		

55% of General disabilities and 90% of Safety disabilities where the member has five or more years of service are assumed to be service-related. All disabilities for those with less than five years of service are assumed to be service-related.

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019

APPENDIX B –ASSUMPTIONS AND METHODS

8. Plan Election:

Non-Medicare-Eligible Retirees:

We assumed that 40% of future retirees will select a monthly subsidy for employer health plan benefits of \$15 per year of service, while 60% will select the \$4 cash benefit option.

Medicare-Eligible Retirees:

We assumed that 55% of future retirees will select a monthly subsidy for employer health plan benefits of \$15 per year of service, while 45% will select the \$4 cash benefit option.

9. Family Composition:

Percentage married for all active members who retire, become disabled, or die during active service is shown in the table below.

Percentage Married	
Gender	Percentage
Males	75%
Females	60%

10. Dependent Age:

For current retirees, actual spouse date of birth was used when available. For future retirees, male retirees are assumed to be three years older than their partner, and female retirees are assumed to be one year younger than their partner.

11. Spouse Coverage Election:

We assumed that all future retirees who are married at the time of retirement will cover a spouse upon retirement, and will elect the unmodified form (i.e. a 60% Joint and Survivor allowance for service and non-duty related disabilities, a 100% Joint and Survivor allowance for duty-related disabilities).

12. Medical Trend

Since the dollar amounts of the benefits provided are not expected to increase and are below the current premiums for health benefits, no trend assumptions are used in calculating the liabilities produced in this report.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX B –ASSUMPTIONS AND METHODS

Changes since the Last Valuation

For all Employers on a pay-as-you go funding method, other than the Courts, the discount rate was changed from 3.87% to 3.50% to reflect the current municipal bond rate applicable to the Plan.

Based on the findings of the 2016-2019 experience study report, many demographic assumptions were updated to better reflect the experience of the Fund. For details on the assumption changes, please see the experience study report presented to the Board on December 11, 2019.

Based on recent plan experience, the plan type election assumption was broken into non-Medicare-eligible and Medicare-eligible components. The Medicare-eligible assumption did not change from that used in the prior valuation. For the non-Medicare-eligible assumption, we assumed that 40% of future retirees will select a monthly subsidy for employer health plan benefits of \$15 per year of service, while 60% will select the \$4 cash benefit option.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX B –ASSUMPTIONS AND METHODS

Methodology:

The Entry Age Normal actuarial funding method was used for active employees, whereby the normal cost is computed as the level annual percentage of pay required to fund the postemployment benefits between each member’s date of hire and assumed retirement. The actuarial liability is the difference between the present value of future benefits and the present value of future normal cost. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

Amortization Cost

The actuarial value of the assets on hand to pay future benefits is subtracted from the *Actuarial Liability*, producing the *Unfunded Actuarial Liability (UAL)*.

Beginning with the June 30, 2017 valuation report, the UAL is no longer being amortized. Instead, we have computed the payment that would be anticipated to be needed – the tread water amount – to prevent the UAL from increasing, if all assumptions are met. This payment is equal to the sum of the normal cost and the interest (calculated using the GASB 74/75 discount rate for each employer) on the UAL as of the valuation date. Beginning with the June 30, 2019 valuation, an amount equal to the expected administrative expenses is also included in the tread water amount.

Actuarial Value of Plan Assets

The participating employers of the Santa Barbara County Employees’ Retirement System contribute to a 401(h) account. As of June 30, 2019, the market value of assets was \$25,853,349. The actuarial value of assets is equal to the market value.

Funding

The cost of the benefits provided by the Plan is currently being funded by the participating employers as shown in the chart below.

Group	Funding Policy
Santa Barbara County	4.00% of total pension plan payroll
Carpinteria Summerland FPD	Pay-as-you-go
Santa Maria Cemetery	Pay-as-you-go
Goleta Cemetery	Pay-as-you-go
SBCAG	Pay-as-you-go
Summerland Sanitary	Pay-as-you-go
Carpinteria Cemetery	Pay-as-you-go
APCD	Pre-fund 401(h) up to IRS 25% limit
Courts ¹	Pay-as-you-go

¹The Courts submitted a one-time prefunding contribution of \$1.3 million as of June 30, 2017, but have no formal funding policy.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX B –ASSUMPTIONS AND METHODS

Changes since the Last Valuation:

None

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX C – SUBSTANTIVE PLAN PROVISIONS

Summary of Key Substantive Plan Provisions:

All actuarial calculations are based on our understanding of the statutes governing SBCERS as contained in the County Employees Retirement Law (CERL) of 1937, with provisions adopted by the County Board of Supervisors, a district Board of Directors, or the SBCERS Board, effective through June 30, 2019. The benefits are summarized briefly below. This summary does not attempt to cover all the detailed provisions of the law.

This report does not reflect future changes in benefits, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 related legislation and regulations.

Eligibility: Participation is based upon eligibility for pension benefits from SBCERS, and employers' election to participate in the 401(h) Subsidy/Supplement program.

The OPEB Plan has been closed to all new entrants with membership dates in SBCERS on or after December 31, 2018.

Plan Participation by Employer ¹										
Benefit Plans	APCD 1	APCD 2	APCD 8	General 2	General 5	General 7	General 8	Safety 4	Safety 6	Safety 8
Santa Barbara County				Yes	Yes	No	No	Yes	Yes	Yes ²
Carpinteria-Summerland-FPO					Yes		Yes	Yes		Yes
Santa Maria Cemetery					Yes		Yes			
Goleta Cemetery					Yes		Yes			
SB County Assoc of Govts					Yes		No			
Summerland Sanitary					Yes		No			
Carpinteria Cemetery					Yes		Yes			
Air Pollution Control District ³	Yes	Yes	No		Yes	No				
Courts				Yes	Yes		Yes			
Oak Hill Cemetery					No					
Mosquito & Vector Control					No					

¹ Yes = Employer had members enrolled in the plan and were eligible for benefits.

No = Employer had members enrolled in the plan, but they were not eligible for benefits.

Empty = Employer did not have members enrolled in the Plan.

² Benefits were phased out for all new employees hired into Santa Barbara County Safety positions after January 16, 2017.

³ Employees hired into the Air Pollution Control District after August 16, 2012 are not eligible for benefits.

Benefits: Eligible members can choose a monthly subsidy for County health plan benefits of \$15 per year of service. If the monthly premium for the health plan selected is less than \$15 times the member's years of service, the subsidy is limited to the entire premium. The health plans can include coverage for eligible spouses and dependents.

If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of \$187 per month or \$15 per year of service, whichever is greater.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX C – SUBSTANTIVE PLAN PROVISIONS

If a member does not elect a County health plan, the member receives a monthly cash benefit equal to \$4 per year of service.

After the member's death, a surviving spouse is eligible to continue health plan coverage. The monthly subsidy benefit will be equal to \$15 or \$4 per year of service times the survivor continuation percentage applicable for pension benefits. Surviving spouses of a member who dies in active service are eligible to receive a benefit equal to the benefit the member would have received if they had retired under a disability retirement (including the \$187 per month minimum), multiplied by the survivor continuation percentage (i.e. 60% for a non-service related death, 100% for a service-related death).

SBCAG employees have a different benefit plan; active members hired on or after January 1, 2010 are ineligible for the County plan; they have a separate plan administered by SBCAG that provides benefits through CalPERS and are not part of this plan and are not included in this valuation.

Changes since the Last Valuation:

Subsequent to the June 30, 2018 actuarial valuation, it has become known that Summerland Sanitary District closed the plan to all Plan 8 members. Two participants were affected.

APPENDIX D – GLOSSARY OF TERMS

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, and retirement; changes in compensation; rates of investment earnings, and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; and, other relevant items.

2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an actuarial liability.

3. Actuarial Gain (Loss)

A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the actuarial present value of projected benefits which will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made. As a simple example: assume you owe \$100 to a friend one year from now. Also, assume there is a 1% probability of your friend dying over the next year, in which case you will not be obligated to pay him. If the assumed investment return is 10%, the actuarial present value is:

$$\begin{array}{rcccl} \text{Amount} & & \text{Probability} & \frac{1}{(1+\text{Discount Rate})} & \\ \$100 & \times & \text{of Payment} & & \\ & & (1 - .01) & 1/(1+.1) & = \$90 \end{array}$$

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for a pension plan.

7. Actuarial Value of Assets

The value of cash, investments and other property belonging to a pension or post-retirement benefit plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an actuarial value of assets is to smooth out fluctuations in market values. This way, long-term costs are not distorted by short-term fluctuations in the market.

APPENDIX D – GLOSSARY OF TERMS

8. Amortization Payment

The portion of a plan contribution, which is designed to pay interest and principal on the unfunded actuarial liability in order to pay for that liability in a given number of years.

9. Entry Age Normal 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 as a level percentage of pay from the individual's date of entry into the plan to the individual's assumed cessation of employment.

10. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses which is allocated to a valuation year by the actuarial cost method.

11. Unfunded Actuarial Liability

The excess of the actuarial liability over the actuarial value of assets.

12. Funded Percentage

The ratio of the actuarial value of assets to the actuarial liability.

13. Mortality Table

A set of percentages, which estimate the probability of death at a particular point in time. Typically, the rates are annual and based on age and sex.

14. Discount Rate

The assumed interest rate used for converting projecting dollar related values to a present value as of the valuation date.

15. Medical Trend

The assumed increase in dollar related values in the future due to the increase in the cost of health care.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2019**

APPENDIX E – LIST OF ABBREVIATIONS

Actuarial Accrued Liability (AAL)
Actuarial Valuation Report (AVR)
Annual Required Contribution (ARC)
Coordination of Benefits (COB)
Deductible and Coinsurance (DC)
Deferred Retirement Option Plan (DROP)
Durable Medical Equipment (DME)
Employee Assistance Program (EAP)
Employee Benefits Division (EBD)
Fiscal Year Ending (FYE)
Governmental Accounting Standards Board (GASB)
Hospital Emergency Room (ER)
In-Network (INN)
Inpatient (IP)
Medicare Eligible (ME)
Net Other Postemployment Benefit (NOO)
Non-Medicare Eligible (NME)
Not Applicable (NA)
Office Visit (OV)
Other Postemployment Benefit (OPEB)
Out-of-Network (OON)
Out-of-Pocket (OOP)
Outpatient (OP)
Pay-as-you-go (PAYGo)
Per Person Per Month (PPPM)
Pharmacy (Rx)
Preferred Provider Organization (PPO)
Primary Care Physician (PCP)
Specialist Care Provider (SCP)
Summary Plan Description (SPD)
Tread Water Indicator (TWI)
Unfunded Actuarial Accrued Liability (UAAL)
Unfunded Actuarial Liability (UAL)
Urgent Care (UC)



Classic Values, Innovative Advice