



# **Santa Barbara County Employees' Retirement System**

## **Other Post-Employment Benefits Actuarial Valuation as of June 30, 2020**

**Produced by Cheiron**

**January 2021**

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***Via Electronic Mail***

January 15, 2021

Board of Retirement  
Santa Barbara County Employees' Retirement System  
130 Robin Hill Road, Suite 100  
Goleta, California 93117

***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, 2020. 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.

Future results may differ significantly from the current results presented in this report due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

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.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech), to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this report.

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, 2020**

**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, 2020**

**SECTION I – SUMMARY OF RESULTS**

***Valuation Results***

The table below presents the key results of the June 30, 2020 and June 30, 2019 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.

<b>Table I-1 Summary of Key Valuation Results</b>		
<b>Valuation Date</b>	<b>6/30/2020</b>	<b>6/30/2019</b>
<b>Discount Rate (per annum)</b>	<b>Varies<sup>1</sup></b>	<b>Varies<sup>1</sup></b>
Actuarial Accrued Liability		
- Active Employees	\$ 39,974,436	\$ 40,799,773
- Terminated Vested Participants	6,579,269	6,585,637
- Retirees, Disableds, and Beneficiaries	<u>92,301,582</u>	<u>92,042,781</u>
- Total	138,855,287	139,428,191
Assets	\$ 33,027,088	\$ 25,853,352
Unfunded Accrued Liability (UAL)	<b>105,828,199</b>	<b>113,574,839</b>
Funding Ratio	23.8%	18.5%
Interest on UAL to End of Year	\$ 7,188,963	\$ 7,807,826
Expected Administrative Expenses <sup>2</sup>	392,892	\$ 420,438
Normal Cost with Interest to End of Year	<u>1,605,806</u>	<u>1,680,387</u>
Tread Water Indicator	9,187,661	9,908,651
Normal Cost % of Pay <sup>3</sup>	0.69%	0.70%
<b>Tread Water Indicator as % of pay<sup>3</sup></b>	<b>4.17%</b>	<b>4.38%</b>
<i>Expected/ Actual Funding Policy Contribution Amount</i>	\$ 15,358,889	\$ 14,769,226

<sup>1</sup>The discount rate used varies by employer with SB County, Courts, and APCD valued at 7.00%, and all other employers valued at 2.21% as of 6/30/2020 and 3.50% as of 6/30/2019.

<sup>2</sup> 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.

<sup>3</sup> Expressed as a percentage of pay for members eligible for OPEB.

Table I-1, above, shows a decrease in the actuarial liability since the June 30, 2019 valuation. This decrease is mainly due to demographic experience.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2020**

**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
2021	\$ 8,770,882	\$ 152,296	\$ 15,730	\$ 4,657	\$ 9,110	\$ 5,941	\$ 2,230	\$115,786	\$457,481	\$9,534,111
2022	8,943,460	153,157	15,995	5,315	10,749	6,298	2,326	119,404	477,112	9,733,816
2023	9,110,016	154,141	16,266	6,014	12,524	6,842	2,420	121,396	494,692	9,924,311
2024	9,283,034	154,086	16,547	6,561	14,649	7,445	2,510	123,290	515,300	10,123,422
2025	9,465,011	153,984	16,959	6,998	16,514	7,913	2,650	124,613	532,906	10,327,550
2026	9,625,304	154,868	17,623	7,440	18,245	8,718	2,862	129,406	552,822	10,517,288
2027	9,781,686	155,391	18,373	7,655	21,979	8,954	3,096	130,577	567,057	10,694,769
2028	9,933,622	155,091	19,076	7,978	24,314	9,049	3,305	130,349	581,999	10,864,783
2029	10,062,549	154,733	20,121	8,110	26,210	9,085	3,783	131,289	596,272	11,012,151
2030	10,195,169	154,030	20,985	8,143	29,749	9,090	3,997	130,856	612,594	11,164,613
2031	10,305,929	154,279	21,146	8,176	32,264	9,128	4,103	129,172	627,275	11,291,472
2032	10,400,850	154,910	21,124	8,172	33,990	9,092	4,153	127,224	635,839	11,395,354
2033	10,472,935	153,139	21,005	8,130	34,713	9,074	4,164	125,274	647,396	11,475,830
2034	10,526,326	151,585	20,922	7,993	35,144	9,100	4,153	124,660	664,361	11,544,243
2035	10,559,858	149,457	20,654	7,841	35,747	9,204	4,124	121,792	669,681	11,578,359
2036	10,586,107	148,113	21,365	7,675	37,401	9,262	4,080	118,783	676,820	11,609,606
2037	10,600,328	145,704	21,048	7,492	37,752	9,212	4,025	118,595	677,127	11,621,282
2038	10,582,500	143,845	20,749	7,294	37,856	9,559	3,960	115,378	678,852	11,599,992
2039	10,531,395	142,357	20,356	7,161	39,133	9,513	3,892	113,002	674,843	11,541,652
2040	10,470,519	139,217	19,816	6,910	39,319	9,337	3,802	110,095	671,091	11,470,105

The remainder of this report provides additional detail.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**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.

<b>Table II-1 Changes in Market Value of Assets by Employer, 2019 to 2020</b>										
	<b>Santa Barbara County</b>	<b>Carpinteria- Summerland- FPD</b>	<b>Santa Maria Cemetery</b>	<b>Goleta Cemetery</b>	<b>SB County Assoc of Govts</b>	<b>Summerland Sanitary</b>	<b>Carpinteria Cemetery</b>	<b>Air Pollution Control District</b>	<b>Courts</b>	<b>Total</b>
<b>Market Value of Assets, June 30, 2019</b>	\$ 22,699,716	\$ (4,068)	\$ (24)	\$ (517)	\$ 4,712	\$ 0	\$ 1	\$ 1,780,551	\$ 1,372,982	\$ 25,853,349
Employer Contributions	13,561,662	155,990	15,888	4,223	(1,094)	4,835	2,179	197,412	446,658	14,387,753
Interest and Investment Income	1,788,207	0	0	0	0	0	0	144,484	103,687	2,036,379
Administrative Expenses	(351,734)	(4,624)	(588)	(292)	(514)	(165)	(156)	(6,759)	(16,618)	(381,449)
Benefit Payments	(8,519,832)	(151,922)	(15,888)	(3,705)	(3,617)	(4,835)	(2,179)	(109,486)	(438,950)	(9,250,416)
Admin. Expense Reimbursement	351,734	4,624	611	292	514	165	156	6,759	16,618	381,473
<b>Market Value of Assets, June 30, 2020</b>	<b>\$ 29,529,753</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1</b>	<b>\$ 2,012,961</b>	<b>\$ 1,484,377</b>	<b>\$ 33,027,088</b>

*Numbers may not sum to totals due to rounding*



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**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. The TWI is thus particularly useful for Employers who are not currently funding their OPEB benefits, but who would like to know the cost of preventing their UAL from growing year over year. 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 wage inflation assumption (3.0%). 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%	2.21%	2.21%	2.21%	2.21%	2.21%	2.21%	7.00%	7.00%	Various
Fully Projected Liability	\$ 134,554,329	\$ 3,810,401	\$ 461,864	\$ 177,112	\$ 855,067	\$ 210,658	\$ 107,657	\$ 1,616,163	\$ 8,086,052	\$ 149,879,303
Actuarial Accrued Liability (AAL)	\$ 125,332,387	\$ 3,128,779	\$ 407,212	\$ 129,576	\$ 657,813	\$ 177,097	\$ 71,776	\$ 1,568,918	\$ 7,381,729	\$ 138,855,287
Actuarial Value of Assets	<u>29,529,753</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2,012,961</u>	<u>1,484,377</u>	<u>33,027,088</u>
Unfunded Actuarial Accrued Liability (UAAL)	95,802,634	3,128,779	407,212	129,576	657,813	177,097	71,775	(444,043)	5,897,352	105,828,199
Funded Percentage	23.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	128.3%	20.1%	23.8%
Interest on UAAL	\$ 6,706,184	\$ 69,146	\$ 8,999	\$ 2,864	\$ 14,538	\$ 3,914	\$ 1,586	\$ (31,083)	\$ 412,815	\$ 7,188,963
Expected Administrative Expenses	362,286	4,763	605	300	529	170	161	6,962	17,116	392,892
Normal Cost at end of year	<u>1,383,972</u>	<u>63,846</u>	<u>6,671</u>	<u>6,986</u>	<u>24,046</u>	<u>4,632</u>	<u>3,081</u>	<u>7,679</u>	<u>104,893</u>	<u>1,605,806</u>
<b>Tread Water Indicator for Fiscal Year 2020-21</b>	<b>8,452,442</b>	<b>137,755</b>	<b>16,275</b>	<b>10,150</b>	<b>39,113</b>	<b>8,716</b>	<b>4,828</b>	<b>(16,442)</b>	<b>534,824</b>	<b>9,187,661</b>
<i>Projected Contribution for Fiscal Year 2020-21</i>	<i>\$ 14,687,800</i>	<i>\$ 157,059</i>	<i>\$ 16,335</i>	<i>\$ 4,957</i>	<i>\$ 9,639</i>	<i>\$ 6,111</i>	<i>\$ 2,391</i>	<i>\$ 0</i>	<i>\$ 474,597</i>	<i>\$ 15,358,889</i>

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

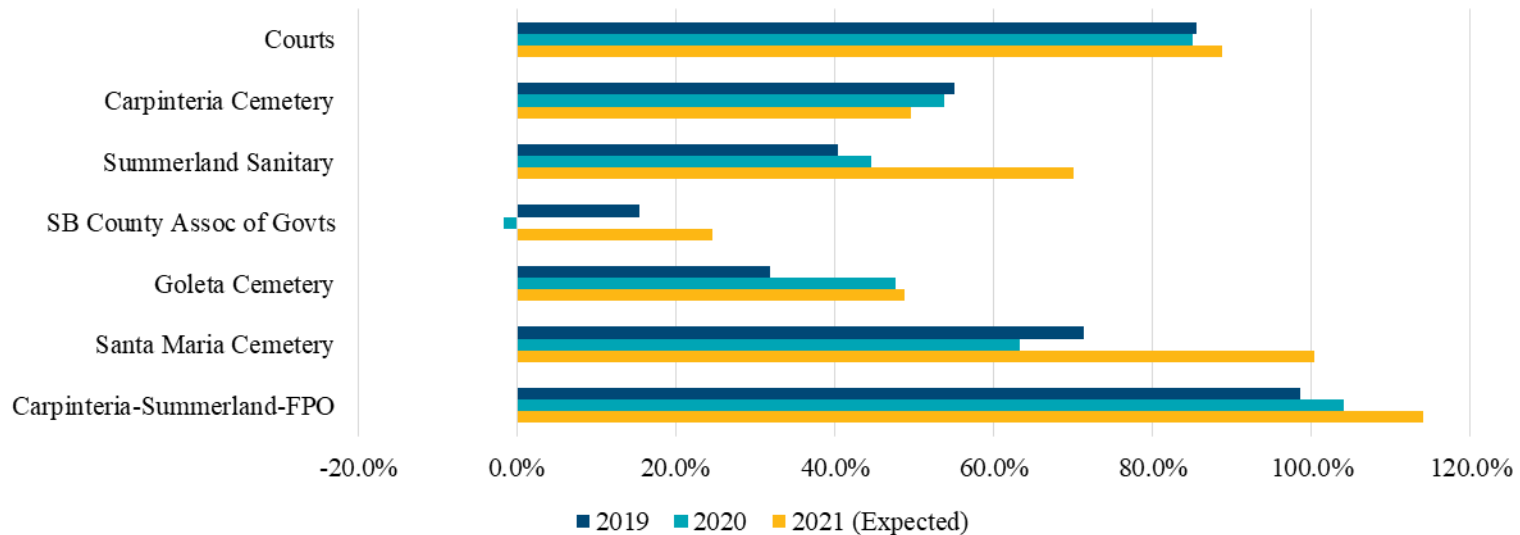
As shown in Table III-1 above, it is primarily those Employers actively funding their OPEB liabilities that are expected to meet the tread water level of contributions in the coming year. Santa Barbara County is one of the Employers prefunding their liabilities and their projected contribution for FYE 2021 of \$14.7 million is greater than their tread water level of \$8.5 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 has been prefunding their OPEB liabilities.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**SECTION III – MEASURES OF LIABILITY**

The following chart shows the ratio of contributions to the tread water level over the period from the fiscal year ended June 30, 2019 through the fiscal year ending June 30, 2021 for all of the employers that are not prefunding their OPEB liabilities. The contributions shown for the fiscal year ending June 30, 2021 are expected contributions.

**Percent of Tread Water Level Contributed by Fiscal Year End and Employer**



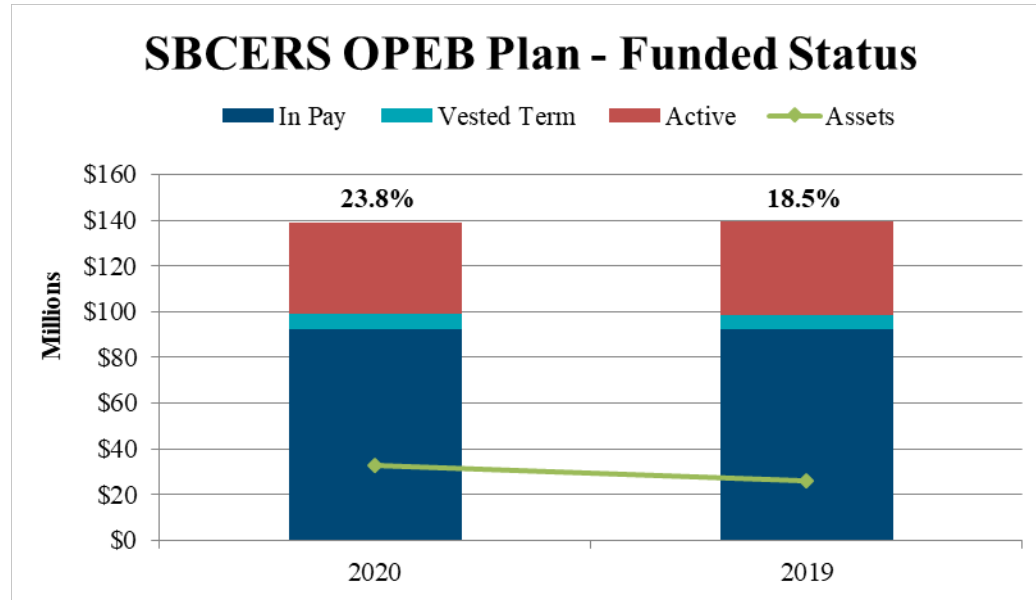
If all actuarial assumptions are met in the coming year, the unfunded liability will grow for each of the employers in the chart above except the Santa Maria Cemetery District and the Carpinteria-Summerland Fire Protection District. For the remaining employers, the TWI is greater than their expected contributions. This chart shows the trend for each employer over the past three years. It is expected that, over time, all employers will begin to make contributions at least as large as their TWI. As the population shifts from active members earning benefits to members in pay status, contributions will increase and the TWI will eventually decrease.

The following chart summarizes the funded status as of the June 30, 2019 and June 30, 2020 actuarial valuations. The stacked bars represent the Actuarial Liability broken into separate components for members currently receiving benefits, vested terminated

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SECTION III – MEASURES OF LIABILITY

members and active members. The green line shows the assets as of each valuation date, and the funded status is displayed above the bars.



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2020**

**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.

<b>Table IV-1</b>								
<b>MEMBER BENEFIT COVERAGE INFORMATION</b>								
<i>(dollars in thousands)</i>								
<b>Valuation Date</b>	<b>(A) Active Member Contributions</b>	<b>(B) Retirees And Beneficiaries</b>	<b>(C) Remaining Active Members' Liabilities</b>	<b>Reported Assets</b>	<b>Portion of Actuarial Liabilities Covered by Reported Assets</b>			
					<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	
<b>June 30,</b>								
2020	N/A	\$ 98,881	\$ 39,974	\$ 33,027	N/A	33%	0%	
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.

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**SECTION IV – ACCOUNTING DISCLOSURES**

<b>Table IV-2</b> <b>ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE</b> (dollars in millions)	
Unfunded Actuarial Liability (UAL) as of June 30, 2019	\$ 113.6
Expected Change in UAL	(5.5)
Actuarial (Gains) or Losses During the Year	
Asset Return (Greater) or Less than Expected	\$ (0.0)
Employer Contribution (Greater) or Less than Expected	0.1
Changes in Assumptions and Methodology	0.7
All Other (Including Demographic Experience)	(3.0)
Total Changes	\$ (7.8)
Unfunded Actuarial Liability (UAL) as of June 30, 2020	\$ 105.8

- *Changes in Actuarial Assumptions* includes the effects of changes to the discount rates for the Employers who are not prefunding benefits. 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 3.50% to 2.21%.
- *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  
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**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, 2020										
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
<b>Actuarial Value of Assets (a)</b>	\$ 29,529,753	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1	\$2,012,961	\$ 1,484,377	<b>\$ 33,027,088</b>
<b>Actuarial Accrued Liabilities (b)</b>	\$ 125,332,387	\$3,128,779	\$ 407,212	\$ 129,576	\$ 657,813	\$ 177,097	\$ 71,776	\$1,568,918	\$ 7,381,729	<b>\$ 138,855,287</b>
<b>Unfunded Actuarial Liabilities (UAL)<sup>1</sup> [b-a]</b>	\$ 95,802,634	\$3,128,779	\$ 407,212	\$ 129,576	\$ 657,813	\$ 177,097	\$ 71,775	\$ (444,043)	\$ 5,897,352	<b>\$ 105,828,195</b>
<b>Funded Ratio (a/b)</b>	23.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	128.30%	20.11%	<b>23.79%</b>
<b>Annual Covered Payroll<sup>2</sup> (c)</b>	\$ 204,977,333	\$3,617,007	\$ 175,683	\$ 261,043	\$1,233,338	\$ 142,479	\$ 137,701	\$1,468,707	\$13,331,576	<b>\$ 225,344,866</b>
<b>(UAL) as Percentage of Covered Payroll [(b-a)/c]</b>	46.74%	86.50%	231.79%	49.64%	53.34%	124.30%	52.12%	-30.23%	44.24%	<b>46.96%</b>

<sup>1</sup>Numbers may not sum to total due to rounding.

<sup>2</sup>Projected 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, 2020**

**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.

<b>Table IV-4 Schedule of Employer Contributions</b>				
<b>Fiscal Year Ending</b>	<b>Tread Water Indicator (TWI)</b>	<b>Actual Contributions</b>	<b>Percentage of TWI Contributed</b>	
2021	\$ 9,187,661	\$ 15,358,889	167.2%	
2020	9,908,651	14,769,226	149.1%	
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, 2020

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, 2020
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, 2.21% for all others
Ultimate Rate of Medical Inflation	N/A



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2020**

**APPENDIX A – MEMBER DATA**

**Member Data Comparisons**

	June 30, 2020	June 30, 2019	% Change
Active Employees <sup>1</sup>			
Count	2,496	2,705	(7.73%)
Average Age	48.9	48.3	1.18%
Average Service	17.4	16.6	4.64%
Total Payroll	\$ 234,496,528	\$ 240,388,671	(2.45%)
Count of Terminated Vested Participants	877	906	(3.20%)
Average Age	49.2	49.0	0.48%
Count of Retired Participants	3,785	3,639	4.01%
Average Age	70.5	70.2	0.33%
Count of Disabled Participants	276	266	3.76%
Average Age	66.3	65.9	0.61%
Count of Surviving Spouses	598	553	8.14%
Average Age	73.4	73.0	0.59%
Total Count of Inactive Participants	4,659	4,458	4.51%

<sup>1</sup>Active 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, 2020**

**APPENDIX A – MEMBER DATA**

**Detailed Census Counts by Employer:**

June 30, 2020	Counts by Employer									Total
	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	
<b>Active employees</b>	2,239	31	3	4	11	2	2	14	190	<b>2,496</b>
<b>Vested Terminated Employees</b>	801	4	1	1	10	0	0	16	44	<b>877</b>
<b>Retirees and Surviving Spouses</b>	4,324	52	8	5	16	2	2	69	181	<b>4,659</b>
<b>Total</b>	<b>7,364</b>	<b>87</b>	<b>12</b>	<b>10</b>	<b>37</b>	<b>4</b>	<b>4</b>	<b>99</b>	<b>415</b>	<b>8,032</b>

July 1, 2019	Counts by Employer									Total
	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	
<b>Active employees</b>	2,415	35	7	4	11	3	2	18	210	<b>2,705</b>
<b>Vested Terminated Employees</b>	833	4	0	1	13	0	0	15	40	<b>906</b>
<b>Retirees and Surviving Spouses</b>	4,141	47	6	5	16	1	2	66	174	<b>4,458</b>
<b>Total</b>	<b>7,389</b>	<b>86</b>	<b>13</b>	<b>10</b>	<b>40</b>	<b>4</b>	<b>4</b>	<b>99</b>	<b>424</b>	<b>8,069</b>

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, 2020**

**APPENDIX B –ASSUMPTIONS AND METHODS**

**Economic Assumptions:**

- |   |   |
|---|---|
| <b>1. Expected Return on Trust Assets:</b>  | 7.00% per year  |
| <b>2. Discount Rate:</b>                    | 7.00% for SB County, APCD and the Courts<br>2.21% for all other Employers |
| <b>3. Inflation Rate:</b>                   | 2.75% per year  |
| <b>4. Payroll Growth Rate:</b>              | 3.00% per year  |
| <b>5. Per Person Cost Trends:</b>           | N/A   |
| <b>6. Postretirement Benefit Increases:</b> | None  |

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2020**

**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	Svc < 20	Plan 4 20-29	Svc >= 30	Svc < 20	Plan 6 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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	50.00%
50	2.00%	2.00%	10.00%	0.00%	0.00%	3.00%	2.50%	5.00%	10.00%	25.00%	50.00%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020

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, 2020**

**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 3.50% to 2.21% to reflect the current municipal bond rate applicable to the Plan.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2020**

**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.

**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 <sup>1</sup>	None
Courts <sup>2</sup>	Pay-as-you-go

<sup>1</sup> APCD previously had a policy to fund OPEB benefits at the maximum allowable level for 401(h) plans. However, its benefits are currently fully funded on a present value basis. We have assumed that APCD will no longer contribute to the 401(h) plan as of the current valuation date.

<sup>2</sup> The Courts submitted a one-time prefunding contribution of \$1.3 million as of June 30, 2017, however have no formal funding policy.

**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, 2020, the market value of assets was \$33,027,088. The actuarial value of assets is equal to the market value.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2020**

**APPENDIX B –ASSUMPTIONS AND METHODS**

**Changes since the Last Valuation**

We have assumed that APCD has suspended funding for OPEB benefits as of the current valuation date due to its liabilities being fully funded.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
OTHER POST-EMPLOYMENT BENEFITS AS OF JUNE 30, 2020**

**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, 2020. 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 <sup>1</sup>										
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 <sup>2</sup>	No <sup>2</sup>	Yes	Yes	Yes <sup>3</sup>
Carpinteria-Summerland-FPO					Yes	Yes	Yes	Yes		Yes
Santa Maria Cemetery					Yes		No			
Goleta Cemetery					Yes		Yes			
SB County Assoc of Govts					Yes		No			
Summerland Sanitary					Yes		No			
Carpinteria Cemetery					Yes		Yes			
Air Pollution Control District <sup>4</sup>	Yes	Yes	No		Yes	No				
Courts				Yes	Yes		Yes			
Oak Hill Cemetery					No					
Mosquito & Vector Control					No					

<sup>1</sup> 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.

<sup>2</sup> There are three management employees in Santa Barbara County in Plan 7 and two management employees in Santa Barbara County Plan 8 who are eligible for OPEB. No other County members in Plan 7 or Plan 8 are eligible for OPEB benefits.

<sup>3</sup> Benefits were phased out for all new employees hired into Santa Barbara County Safety positions after May 11, 2015.

<sup>4</sup> 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, 2020**

**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:**

None.

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:

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

**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, 2020**

**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)



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