



**Ventura County Transportation Commission
Retiree Healthcare Plan**

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

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Contents

<u>Topic</u>	<u>Page</u>
Applicable Dates	1
Note Disclosures	2
Required Supplementary Information	13
Actuarial Certification	18
Supporting Calculations	19
Journal Entries	27

Applicable Dates

Applicable Dates and Periods

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

Note Disclosures

Plan Information

	Fiscal Year End June 30, 2018
■ Plan type	Agent Multiple Employer
■ OPEB trust	Yes
■ Special funding situation	No
■ Nonemployer contributing entities	No

Note Disclosures

Expected Long-Term Rate of Return

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

The long term expected real rate of returns are presented as geometric means.

* Policy target effective October 13, 2014

Note Disclosures

Covered Participants

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

	Number of Covered Participants
■ Inactives currently receiving benefits	10
■ Inactives entitled to but not yet receiving benefits	-
■ Active employees	19
■ Total	29

Note Disclosures

Net OPEB Liability/(Asset)

	Fiscal Year Ending	
	6/30/18	6/30/17
	Measurement Date 6/30/17	Measurement Date 6/30/16
■ Total OPEB Liability (TOL)	\$ 1,505,447	\$ 1,425,352
■ Fiduciary Net Position (FNP)	1,137,582	985,532
■ Net OPEB Liability (NOL)	367,865	439,820
■ Funded status (FNP/TOL)	75.6%	69.1%

Note Disclosures

Changes in Net OPEB Liability/(Assets)

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
■ Balance at 6/30/17 (6/30/16 measurement date)	\$ 1,425,352	\$ 985,532	\$ 439,820
■ Changes for the year			
● Service Cost	45,918	-	45,918
● Interest	97,184	-	97,184
● Benefit changes	-	-	-
● Actual vs. expected experience	-	-	-
● Assumption changes	-	-	-
● Contributions - employer*	-	109,000	(109,000)
● Contributions - employee	-	-	-
● Net investment income	-	106,598	(106,598)
● Benefit payments	(63,007)	(63,007)	-
● Administrative expenses	-	(541)	541
■ Net Changes	80,095	152,050	(71,955)
■ Balance at 6/30/18 (6/30/17 measurement date)	\$ 1,505,447	\$ 1,137,582	\$ 367,865

*Contributions to trust of \$45,993 plus \$54,007 cash benefit payments and \$9,000 implied subsidy benefit payments by the Commission.

Note Disclosures

Sensitivity of Net OPEB Liability

■ **Changes in the Discount Rate**

	Discount Rate		
	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
■ Net OPEB Liability	\$ 583,583	\$ 367,865	\$ 191,097

■ **Changes in the Healthcare Trend Rate**

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
■ Net OPEB Liability	\$ 172,269	\$ 367,865	\$ 611,208

Note Disclosures

OPEB Expense for Fiscal Year

	2017/18
	Measurement Period 2016/17
■ OPEB Expense*	\$ 67,877

*See slide 23 for OPEB expense detail, which is not required disclosure.

Note Disclosures

Deferred Outflows/Inflows Balances at June 30, 2018

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience	\$ -	\$ -
■ Changes in assumptions	-	-
■ Net difference between projected and actual earnings on plan investments*	-	30,832
■ Employer contributions made subsequent to the measurement date**	109,000	-
■ Total	109,000	30,832

* Deferred Inflows and Outflows combined for footnote disclosure.

** Contributions to trust of \$44,137 plus \$56,863 cash benefit payments and \$8,000 implied subsidy benefit payments by the Commission.

Note Disclosures

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

FYE June 30	Deferred Outflows/(Inflows) of Resources
■ 2019	\$ (7,708)
■ 2020	(7,708)
■ 2021	(7,708)
■ 2022	(7,708)
■ 2023	-
■ Thereafter	-

Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2017 Measurement Date
■ Actuarial Valuation Date	■ June 30, 2017
■ Contribution Policy	■ Commission contributes full ADC
■ Discount Rate	■ 6.75% at June 30, 2017
	■ 6.75% at June 30, 2016
■ Expected Long-Term Rate of Return on Investments	■ Same as discount rate - expected Commission contributions projected to keep sufficient plan assets to pay all benefits from trust.
■ General Inflation	■ 2.75% per annum
■ Mortality, Retirement, Disability, Termination	■ CalPERS 1997-2011 Experience Study
■ Mortality Improvement	■ Mortality Improvement Scale MP-2017

Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2017 Measurement Date
■ Salary Increases	■ Aggregate -3%
	■ Merit - CalPERS 1997 – 2011 Experience Study
■ Medical Trend	■ Non-Medicare - 7.5% for 2019, decreasing to an
	■ Medicare - 6.5% for 2019, decreasing to an
■ PEMHCA Minimum Increase	■ 4.25% annually
■ Retiree Participation at Retirement	■ 100% Tier 1
	■ 70% Tier 2

Required Supplementary Information

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

	2017/18
	Measurement Period 2016/17
■ Changes in Total OPEB Liability	
● Service Cost	\$ 45,918
● Interest	97,184
● Benefit changes	-
● Actual vs. expected experience	-
● Assumption changes	-
● Benefit payments	(63,007)
● Changes of benefit terms	-
■ Net Changes	<u>80,095</u>
■ Total OPEB Liability (beginning of year)	<u>1,425,352</u>
■ Total OPEB Liability (end of year)	1,505,447

Required Supplementary Information

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

	2017/18
	Measurement Period 2016/17
■ Changes in Plan Fiduciary Net Position	
● Contributions - employer	\$ 109,000
● Contributions - employee	-
● Net investment income	106,598
● Benefit payments	(63,007)
● Administrative expenses	(541)
● Other changes	-
● Net Changes	<u>152,050</u>
■ Plan Fiduciary Net Position (beginning of year)	<u>985,532</u>
■ Plan Fiduciary Net Position (end of year)	1,137,582

Required Supplementary Information

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

	2017/18
■ Net OPEB Liability/(Asset)	\$ 367,865
■ Fiduciary Net Position as a percentage of the Total OPEB Liability	75.6%
■ Covered employee payroll*	1,768,500
■ Net OPEB Liability as a percentage of covered employee payroll	20.8%

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

Required Supplementary Information

Schedule of Employer Contributions

	Fiscal Year 2017/18
■ Actuarially Determined Contribution (ADC)	\$ 109,000
■ Contributions in relation to the actuarially determined contribution*	109,000
■ Contribution deficiency/(excess)	-
■ Covered employee payroll**	1,799,645
■ Contributions as a percentage of covered employee payroll	6.1%

* Actual 2017/18 contribution

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

Required Supplementary Information

**Notes to Schedule of Employer Contribution
Methods and Assumptions for
2017/18 Actuarially Determined Contribution**

■ Valuation Date	■ June 30, 2015
■ Actuarial Cost Method	■ Entry Age Normal, Level Percentage of Payroll
■ Amortization Method	■ Level percent of pay
■ Amortization Period	■ 12-year fixed period for 2017/18
■ Asset Valuation Method	■ Investment gains and losses spread over 5-year rolling period
■ Discount Rate	■ 7.25%
■ General Inflation	■ 3%
■ Medical Trend	■ Non-Medicare - 7% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years ■ Medicare - 7.2% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years
■ Mortality	■ CalPERS 1997-2011 experience study
■ Mortality Improvement	■ Mortality Improvement Scale MP-2014 modified to converge to ultimate mortality improvement rates in 2022

Actuarial Certification

This report presents Ventura County Transportation Commission Retiree Healthcare Plan 2017/18 disclosure under Governmental Accounting Standards Board Statement No. 75 (GASBS 75). The Journal Entries in this report are provided for the Commission's convenience and are not an actuarial communication and this actuarial certification does not apply to them.

The report provides information intended for reporting under GASBS 75, but may not be appropriate for other purposes. Information provided in this report may be useful to the Commission for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions and participant data provided by the Commission and asset information as summarized in our full actuarial valuation report, which we relied on and did not audit. We reviewed the participant data for reasonableness. As permitted under GASBS 75, the total OPEB liability has been calculated from the June 30, 2017 actuarial valuation. Additional information on participants included in the valuation and actuarial assumptions can be found in the June 30, 2017 funding actuarial valuation report.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASBS 75. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,



Doug Pryor, ASA, EA, MAAA
Vice President
Bartel Associates, LLC
August 15, 2018

Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2018
Differences between Expected and Actual Experience

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2018	
			17/18	18/19	19/20	20/21	21/22	22/23	23/24+	Outflows	(Inflows)
17/18	-	-	-	-	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-	-	-

Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2018
Changes of Assumptions

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2018	
			17/18	18/19	19/20	20/21	21/22	22/23	23/24+	Outflows	(Inflows)
17/18	-	-	-	-	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-	-	-

Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2018 Projected Versus Actual Earnings on Investments

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2018	
			17/18	18/19	19/20	20/21	21/22	22/23	23/24+	Outflows	(Inflows)
17/18	(38,540)	5.0	(7,708)	(7,708)	(7,708)	(7,708)	(7,708)	-	-	-	(30,832)
Total			(7,708)	(7,708)	(7,708)	(7,708)	(7,708)	-	-	-	(30,832)

* Calculation of amount for 2017/18 (2016/17 measurement period)
 Projected earnings on investments (slide 24), less
 Actual earnings on investments (net investment income, slide 14)

Supporting Calculations

Recognition of Deferred Outflows/Inflows in Future OPEB Expense

	18/19	19/20	20/21	21/22	22/23	Thereafter 23/24+
■ Differences between Expected and Actual Experience	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
■ Changes of Assumptions	-	-	-	-	-	-
■ Projected Versus Actual Earnings on Investments	(7,708)	(7,708)	(7,708)	(7,708)	-	-
■ Total	(7,708)	(7,708)	(7,708)	(7,708)	-	-

Supporting Calculations

Components of GASBS 75 OPEB Expense

	2017/18
	Measurement Period 2016/17
■ Service Cost	\$ 45,918
■ Interest on Total OPEB Liability	97,184
■ Projected earnings on investments	(68,058)
■ Employee contributions	-
■ Administrative expense	541
■ Change in benefits	-
■ Recognition of deferred outflows/(inflows)	
● Experience	-
● Assumptions	-
● Asset returns	(7,708)
■ OPEB Expense	67,877

Supporting Calculations

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

	Dollar Amount	Expected Return	Portion of Year	Projected Earnings
■ Fiduciary Net Position (beginning of year)	\$ 985,532	6.75%	100%	\$ 66,523
■ Employer contributions	109,000	6.75%	50%	3,679
■ Employee contributions	-	6.75%	50%	-
■ Benefit payments	(63,007)	6.75%	50%	(2,126)
■ Administrative expenses	(541)	6.75%	50%	(18)
■ Projected earnings				68,058

Supporting Calculations

Components of GASBS 75 OPEB Expense
Calculation of Interest on Total OPEB Liability

	Dollar Amount	Discount Rate	Portion of Year	Interest
■ Total OPEB Liability	\$ 1,425,352	6.75%	100%	\$ 96,211
■ Service Cost	45,918	6.75%	100%	3,099
■ Benefit payments	(63,007)	6.75%	50%	(2,126)
■ Total Interest				97,184

Supporting Calculations

GASBS 75 Balance Equation

	Fiscal Year Ending	
	6/30/17	6/30/18
	Measurement Date 6/30/16	Measurement Date 6/30/17
■ Total OPEB Liability	\$ 1,425,352	\$ 1,505,447
■ Fiduciary Net Position	985,532	1,137,582
■ Net OPEB Liability	439,820	367,865
■ Deferred inflows of resources	-	30,832
■ Deferred (outflows) of resources	-	-
■ Balance Sheet	439,820	398,697

Check:

■ Balance Sheet 6/30/17	\$ 439,820
● OPEB Expense	67,877
● Contributions	(109,000)
■ Balance Sheet 6/30/18	398,697

Journal Entries

Journal Entries to Implement GASB Statement 75 for FYE June 30, 2018

	Debit	Credit
1 - To remove prior year Net OPEB Obligation or Asset recorded in accordance with GASBS 45		
● Dr - Net OPEB Obligation/(Asset) in accordance with GASBS 45	\$ -	
● Cr - Unrestricted Net Position (restatement)		\$ -
2 - To restate beginning Net OPEB Liability/(Asset) in accordance with GASBS 75		
● Cr - Net OPEB Liability/(Asset)		\$ 439,820
● Dr - Unrestricted Net Position (restatement)	\$ 439,820	
3 - To restate prior year for OPEB contributions made after measurement date June 30,		
● Dr - Deferred Outflow - contribution made after measurement date (6/30/16)	\$ 109,000	
● Cr- Unrestricted Net Position (restatement)		\$ 109,000

Journal Entries

Journal Entries to Implement GASB Statement 75 for FYE June 30, 2018

	Debit	Credit
4 - To remove current year contributions and record deferred outflow for contributions made after the measurement date		
● Dr - Deferred Outflow - Contribution after measurement date (6/30/17)	\$ 101,000	
● Cr -OPEB Expense		\$ 101,000
4a - To remove current year implied subsidy payments and record deferred outflow for contributions made after the measurement date		
● Dr - Deferred Outflow - Contribution after measurement date (6/30/2017)	\$ 8,000	
● Cr - Active employee health care costs		\$ 8,000
5 -To recognize contribution as a reduction of Net OPEB Liability/(Asset) (this is the prior year contribution that was recognized as deferred outflow made after the measurement date		
● Dr - Net OPEB Liability/(Asset)	\$ 109,000	
● Cr - Deferred Inflow - 2017 Contribution		\$ 109,000
6 - Journal Entry - To recognize current year OPEB expense and actuarial deferred outflows/(inflows)		
● Cr - Deferred Inflow -Differences between actual and expected experience		
● Cr - Deferred Inflow - Change in assumptions		
● Cr - Deferred Inflow - Net difference between projected and actual earnings on investments		\$ 30,832
● Dr - OPEB Expense	\$ 67,877	
● Cr- Net OPEB Liability/(Asset)		\$ 37,045