



**County of Marin
Retiree Healthcare Plan**

June 30, 2020 GASBS 75 Accounting Information
As of Measurement Date June 30, 2019
Based on the July 1, 2019 Actuarial Valuation

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Bartel Associates, LLC

November 13, 2020

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Applicable Dates

Applicable Dates and Periods

	Fiscal Year Ended June 30, 2020
■ Measurement date	June 30, 2019
■ Measurement period	July 1, 2018 to June 30, 2019
■ Actuarial valuation date	July 1, 2019

Note Disclosures

Plan Information

	Fiscal Year Ended June 30, 2020
■ 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	59%	4.82%
● Fixed Income	25%	1.47%
● TIPS	5%	1.29%
● Commodities	3%	0.84%
● REITs	8%	3.76%
■ Assumed Long-Term Rate of Inflation		2.75%
■ Margin for Adverse Deviation		1.25%
■ Expected Long-Term Net Rate of Return, Rounded		5.50%

The long-term expected real rates of return are presented as geometric means.

* Policy target effective October 1, 2018.

Note Disclosures

Covered Participants

At June 30, 2019, the measurement date, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
■ Inactives currently receiving benefits	1,677
■ Inactives entitled to but not yet receiving benefits	-
■ Active employees	2,057
■ Total	3,734

Note Disclosures

Net OPEB Liability/(Asset)

(Amounts in 000's)

	Fiscal Year Ended	
	6/30/19	6/30/20
	Measurement Date 6/30/18	Measurement Date 6/30/19
■ Total OPEB Liability (TOL)	\$ 383,256	\$ 321,591
■ Fiduciary Net Position (FNP)	99,919	115,277
■ Net OPEB Liability (NOL)	283,337	206,314
■ Funded status (FNP/TOL)	26.1%	35.8%



Note Disclosures

Changes in Net OPEB Liability/(Asset)

(Amounts in 000's)

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
■ Balance at 6/30/19 (6/30/18 measurement date)	\$ 383,256	\$ 99,919	\$ 283,337
■ Changes for the year			
● Service Cost	5,639	-	5,639
● Interest	21,012	-	21,012
● Changes of benefit terms	-	-	-
● Actual vs. expected experience	(72,634)	-	(72,634)
● Assumption changes	(1,957)	-	(1,957)
● Contributions - employer*	-	22,825	(22,825)
● Contributions - employee	-	-	-
● Net investment income	-	6,279	(6,279)
● Benefit payments*	(13,725)	(13,725)	-
● Administrative expenses	-	(21)	21
■ Net Changes	(61,665)	15,358	(77,023)
■ Balance at 6/30/20 (6/30/19 measurement date)	\$ 321,591	\$ 115,277	\$ 206,314

* See the measurement period column on page 20 for details.



Note Disclosures

Sensitivity of Net OPEB Liability/(Asset)

(Amounts in 000's)

■ **Changes in the Discount Rate**

	Discount Rate		
	1% Decrease (4.50%)	Current Rate (5.50%)	1% Increase (6.50%)
■ Net OPEB Liability	\$ 252,802	\$ 206,314	\$ 168,293

■ **Changes in the Healthcare Trend Rate**

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
■ Net OPEB Liability	\$ 187,462	\$ 206,314	\$ 214,830



Note Disclosures

OPEB Expense/(Income) for Fiscal Year

(Amounts in 000's)

	2019/20
	Measurement Period 2018/19
■ OPEB Expense/(Income)*	\$ 7,485

* See page 26 for OPEB expense/(income) detail, which is not required disclosure.



Note Disclosures

Deferred Outflows/Inflows Balances at June 30, 2020

(Amounts in 000's)

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience	\$ -	\$ 60,528
■ Changes in assumptions	-	1,631
■ Net difference between projected and actual earnings on plan investments	-	3,056
■ Employer contributions made subsequent to the measurement date*	17,866	-
■ Total	17,866	65,215

* See page 20 for details.



Note Disclosures

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

(Amounts in 000's)

FYE June 30	Deferred Outflows/(Inflows) of Resources
■ 2021	\$ (13,632)
■ 2022	(13,634)
■ 2023	(12,942)
■ 2024	(12,576)
■ 2025	(12,431)
■ Thereafter	-



Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2019 Measurement Date
■ Actuarial Valuation Date	■ July 1, 2019
■ Contribution Policy	■ County contributes full ADC
■ Discount Rate and Long-Term Expected Rate of Return on Assets	<ul style="list-style-type: none"> ■ 5.50% at June 30, 2019 ■ 5.50% at June 30, 2018 ■ Expected County contributions projected to keep sufficient plan assets to pay all benefits from trust
■ General Inflation	■ 2.75% annually
■ Mortality, Retirement, Disability, Termination	■ Marin County Employees' Retirement Association 2014-2017 Experience Study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-2018

Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2019 Measurement Date
■ Medical Trend	<ul style="list-style-type: none"> ■ Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076 ■ Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076 ■ Medicare Part B - 4.40% for 2021, 5.1% in 2022, increasing to Medicare trend in 2023
■ Plan 3 Cap Increase	■ 3% annually
■ Participation	■ Varies by Plan and years of service

Note Disclosures

Changes Since June 30, 2018 Measurement Date

	June 30, 2019 Measurement Date
■ Changes of assumptions	<ul style="list-style-type: none"> ■ Demographic assumptions updated to MCERA's 2014-2017 experience study assumptions ■ Participation assumption updated based on experience ■ Mortality improvement scale updated to Scale MP-2018
■ Changes of benefit terms	■ None

Required Supplementary Information

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

(Amounts in 000's)

	2019/20
	Measurement Period 2018/19
■ Changes in Total OPEB Liability	
● Service Cost	\$ 5,639
● Interest	21,012
● Changes of benefit terms	-
● Actual vs. expected experience	(72,634)
● Assumption changes	(1,957)
● Benefit payments	(13,725)
■ Net Changes	(61,665)
■ Total OPEB Liability (beginning of year)	383,256
■ Total OPEB Liability (end of year)	321,591

Required Supplementary Information

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

(Amounts in 000's)

	2019/20
	Measurement Period 2018/19
■ Changes in Plan Fiduciary Net Position	
● Contributions - employer	\$ 22,825
● Contributions - employee	-
● Net investment income	6,279
● Benefit payments	(13,725)
● Administrative expenses	(21)
● Other changes	-
● Net Changes	15,358
■ Plan Fiduciary Net Position (beginning of year)	99,919
■ Plan Fiduciary Net Position (end of year)	115,277



Required Supplementary Information

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

(Amounts in 000's)

	2019/20
■ Net OPEB Liability/(Asset)	\$ 206,314
■ Fiduciary Net Position as a percentage of the Total OPEB Liability	35.8%
■ Covered employee payroll*	214,644
■ Net OPEB Liability as a percentage of covered employee payroll	96.1%

* For the 12-month period ended on June 30, 2019 (Measurement Date).
As reported by the County.



Required Supplementary Information

Schedule of Employer Contributions

(Amounts in 000's)

	Fiscal Year 2019/20
■ Actuarially Determined Contribution (ADC)	\$ 17,374
■ Contributions in relation to the actuarially determined contribution*	17,866
■ Contribution deficiency/(excess)	(492)
■ Covered employee payroll**	234,953
■ Contributions as a percentage of covered employee payroll	7.6%

* See page 20 for details.

** For the 12-month period ended on June 30, 2020 (fiscal year end).

As reported by the County.



Required Supplementary Information

**Notes to Schedule of Employer Contribution
Methods and Assumptions for
2019/20 Actuarially Determined Contribution**

■ Valuation Date	■ June 30, 2019
■ Actuarial Cost Method	■ Entry Age Normal, Level % of pay
■ Amortization Method	■ Level % of pay
■ Asset Valuation Method	■ Market value of assets
■ Amortization Period	■ Investment gain/loss since prior valuation - Over closed 23-year period that includes a 3-year phase-in from 2019/20
	■ Other - Over closed 23-year period from 2019/20



Actuarial Certification

This report presents County of Marin Retiree Healthcare Plan 2019/20 disclosure under Governmental Accounting Standards Board Statement No. 75 (GASBS 75).

The report provides information intended for reporting under GASBS 75, but may not be appropriate for other purposes. Information provided in this report may be useful to the County for the Plan's financial management. The total OPEB liability has been calculated from the July 1, 2019 actuarial valuation. 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 July 1, 2019 valuation is based on Plan provisions and participant data provided by the County, and asset information, all of which we relied on and did not audit. We reviewed the census data for reasonableness. Additional information on participants included in the valuation and actuarial assumptions can be found in the July 1, 2019 funding actuarial valuation report. As the actuary, Bartel Associates has recommended the assumptions used in this report, and we believe they are reasonable.

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,



Marilyn Oliver, FSA, FCA, MAAA
Vice President
Bartel Associates, LLC
November 13, 2020



Tak Frazita, FSA, EA, FCA, MAAA
Associate Actuary
Bartel Associates, LLC
November 13, 2020



November 13, 2020

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County of Marin

Supporting Calculations

Employer Contributions

(Amounts in 000's)

	Measurement Period	Measurement Date to FYE	Prior Measurement Date to Prior FYE
	7/1/18 to 6/30/19	7/1/19 to 6/30/20	Same as Measurement Period
■ Cash benefit payments	\$ 12,215	\$ 11,911	\$ 12,215
■ Implied subsidy benefit payments	1,510	955	1,510
■ Total benefit payments	13,725	12,866	13,725
■ Trust reimbursements	-	-	-
■ Benefit payments paid outside of trust	13,725	12,866	13,725
■ Administrative expenses paid outside of trust	-	-	-
■ Trust contributions	9,100	5,000	9,100
■ Total employer contributions	22,825	17,866	22,825

Measurement period (7/1/18 to 6/30/19): \$22,825

Fiscal year (7/1/19 to 6/30/20): \$17,866



November 13, 2020

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County of Marin

Supporting Calculations

Average of the Expected Remaining Service Lives

July 1, 2018 (beginning of the measurement period) was not a valuation date and no census data was available to the actuary as of that date. Therefore, the average of the expected remaining service lives was estimated as follows:

Valuation Date	Total expected remaining service lives*	Covered participants*	Average of the expected remaining service lives as of valuation date	Average of the expected remaining service lives as of 7/1/18 (not less than 1 yr)
7/1/19	21,889.2 years	3,642	6.0 years	6.0 years
7/1/17	21,030.3 years	3,558	5.9 years	

* Participants with no liability excluded for the purpose of calculating the average.

Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2020

Differences between Expected and Actual Experience

(Amounts in 000's)

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2020	
			19/20	20/21	21/22	22/23	23/24	24/25	25/26+	Outflows	(Inflows)
17/18	-	-	-	-	-	-	-	-	-	-	-
18/19	-	-	-	-	-	-	-	-	-	-	-
19/20	(72,634)	6.0	(12,106)	(12,106)	(12,106)	(12,106)	(12,106)	(12,106)	(12,104)	-	(60,528)
Total			(12,106)	(12,106)	(12,106)	(12,106)	(12,106)	(12,106)	(12,104)	-	(60,528)

Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2020

Changes of Assumptions

(Amounts in 000's)

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2020	
			19/20	20/21	21/22	22/23	23/24	24/25	25/26+	Outflows	(Inflows)
17/18	-	-	-	-	-	-	-	-	-	-	-
18/19	-	-	-	-	-	-	-	-	-	-	-
19/20	(1,957)	6.0	(326)	(326)	(326)	(326)	(326)	(326)	(327)	-	(1,631)
Total			(326)	(326)	(326)	(326)	(326)	(326)	(327)	-	(1,631)

Supporting Calculations

Recognition of Deferred Outflows/Inflows at June 30, 2020

Projected Versus Actual Earnings on Investments

(Amounts in 000's)

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances June 30, 2020	
			19/20	20/21	21/22	22/23	23/24	24/25	25/26+	Outflows	(Inflows)
17/18	(3,447)	5.0	(689)	(689)	(691)	-	-	-	-	-	(1,380)
18/19	(1,829)	5.0	(366)	(366)	(366)	(365)	-	-	-	-	(1,097)
19/20	(724)	5.0	(145)	(145)	(145)	(145)	(144)	-	-	-	(579)
Total			(1,200)	(1,200)	(1,202)	(510)	(144)	-	-	-	(3,056)
Net Deferred Outflows/(Inflows)										-	(3,056)

Calculation of initial amount for 2019/20 (2018/19 measurement period):

Projected earnings on investments of \$5,555 (page 27), less

Actual earnings on investments of \$6,279 (net investment income, page 15)

Supporting Calculations

Recognition of Deferred Outflows/Inflows in Future OPEB Expense

(Amounts in 000's)

	20/21	21/22	22/23	23/24	24/25	Thereafter 25/26+
■ Differences between Expected and Actual Experience	(12,106)	(12,106)	(12,106)	(12,106)	(12,104)	-
■ Changes of Assumptions	(326)	(326)	(326)	(326)	(327)	-
■ Projected Versus Actual Earnings on Investments	(1,200)	(1,202)	(510)	(144)	-	-
■ Total	(13,632)	(13,634)	(12,942)	(12,576)	(12,431)	-



Supporting Calculations

Components of GASBS 75 OPEB Expense

(Amounts in 000's)

	2019/20
	Measurement Period 2018/19
■ Service Cost	\$ 5,639
■ Interest on Total OPEB Liability	21,012
■ Projected earnings on investments	(5,555)
■ Employee contributions	-
■ Administrative expense	21
■ Changes of benefit terms	-
■ Recognition of deferred outflows/(inflows)	
● Experience	(12,106)
● Assumptions	(326)
● Asset returns	(1,200)
■ OPEB Expense/(Income)	7,485



Supporting Calculations

Components of GASBS 75 OPEB Expense*
Calculation of Projected Earnings on Investments
 (Amounts in 000's)

	Dollar Amount	Expected Return	Portion of Year	Projected Earnings
■ Fiduciary Net Position (beginning of year)	\$ 99,919	5.50%	100%	\$ 5,496
■ Employer contributions	9,100	5.50%	12%	60
■ Employee contributions	-	5.50%	0%	-
■ Benefit payments	-	5.50%	0%	-
■ Administrative expenses	(21)	5.50%	50%	(1)
■ Projected earnings				<u>5,555</u>

* The items on this page reflect trust activity only.

Supporting Calculations

Components of GASBS 75 OPEB Expense
Calculation of Interest on Total OPEB Liability
 (Amounts in 000's)

	Dollar Amount	Discount Rate	Portion of Year	Interest
■ Total OPEB Liability	\$ 383,256	5.50%	100%	\$ 21,079
■ Service Cost	5,639	5.50%	100%	310
■ Changes of benefit terms	-	5.50%	0%	-
■ Experience*	(72,634)	5.50%	0%	-
■ Assumption changes*	(1,957)	5.50%	0%	-
■ Benefit payments	(13,725)	5.50%	50%	(377)
■ Total interest				<u>21,012</u>

* Liability determined as of the end of the measurement period, so no interest charge is applicable.

Supporting Calculations

GASBS 75 Balance Equation

(Amounts in 000's)

	Fiscal Year Ended	
	6/30/19	6/30/20
	Measurement Date 6/30/18	Measurement Date 6/30/19
■ Total OPEB Liability	\$ 383,256	\$ 321,591
■ Fiduciary Net Position	99,919	115,277
■ Net OPEB Liability/(Asset)	283,337	206,314
■ Deferred inflows of resources	3,532	65,215
■ Deferred (outflows) of resources	-	-
■ Balance Sheet	286,869	271,529

Check:

■ Balance Sheet 6/30/19	\$ 286,869
● OPEB Expense/(Income)	7,485
● Employer Contributions*	(22,825)
■ Balance Sheet 6/30/20	271,529

* See the measurement period column on page 20 for details.

Supporting Calculations

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