



# SALT LAKE COUNTY OPEB TRUST

Annual Report for Year-Ended December 31, 2018



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Salt Lake County OPEB Trust  
Annual Report  
December 31, 2018

This is the Annual Report by the Trustees of the Salt Lake County OPEB Trust (“Trust”) for the period ending December 31, 2018. The Annual Report highlights the administration of the Trust and provides unaudited financial disclosures.

I. Trustees

The following served as Trustees during 2018:

Darrin Casper, Deputy Mayor- Finance and Administration/CFO, Salt Lake County  
K. Wayne Cushing, Salt Lake County Treasurer  
David Delquadro, Council Fiscal Manager, Salt Lake County  
Michael Ongkiko, Human Resources Director, Salt Lake County (Until August 31, 2018)

Collectively (the “Board”)

II. Background

A. Salt Lake County Irrevocable Trust

On April 21, 2015, the Salt Lake County Council adopted a resolution authorizing the creation of an irrevocable Trust for the purpose of funding OPEB liabilities, in line with its intent set during the budget deliberations.

On September 22, 2015, the County Council created the irrevocable Trust. The Trust is attached as Exhibit 1.

The Trust was funded with an initial deposit of \$3.8 million, with funds previously collected and set aside for this purpose. Additional contributions have been funded in each subsequent year.

B. Other Post-Employment Benefits (OPEB) Overview

Salt Lake County (the “County”) offers many employee benefits designed to attract and retain quality employees. Some of these are deferred benefits, such as the state of Utah Retirement System pension plan benefits. In addition to pension plan benefits, Salt Lake County

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government offers certain “other post-employment benefits” including life insurance and health insurance benefits to eligible employees who retire from the County and qualify to retire from the systems. These benefits are generically called OPEB-type benefits.

In 2015, accounting regulations required governments to quantify the liability the benefits create to the government entities. The requirements are dictated by the Governmental Accounting Standards Board (“GASB”) statements 74 and 75. In short, GASB implemented a requirement to increase the transparency in reporting of the liability, facilitate consistency with the current reporting requirements for pensions, and provide more useful information about the liability and costs of benefits.

The implementation of the GASB requirements was effective in 2017 for the County. A quantitative analysis and calculation is required to be performed by an actuarial firm every two years. Generally, the most pertinent statistics include the estimated total liability to the County called Total OPEB Liability (“TOL”), Plan Fiduciary Net Position, Deferred Outflows and Inflows of Resources, OPEB Expense, and the Actuarially Determined Contribution (“ADC”). The ADC is the projected annual payment needed to fund the plan benefits over time.

The statistics are used by financial customers of the government, as well as by its policy makers. The OPEB statistics are routinely reviewed by ratings agencies when assigning a credit rating to a government in the event debt is issued. Policy makers use the statistics to understand future possible financial risks or liabilities and to make decisions regarding the nature and form of employee benefits.

On December 31, 2012, the County discontinued OPEB benefits for future employees. Anyone hired after January 1, 2013, would not be eligible for OPEB benefits. The irrevocable Trust finances the OPEB liability for employees hired prior to 2013.

### C. Salt Lake County OPEB

Employees hired prior to January 1, 2013 are eligible for lifetime retiree health benefits once they meet the Utah Retirement Systems Public Employees and Public Safety Retirement Systems eligibility requirements for pension benefits. These benefits include the following:

- (Pre 65) Retiree medical insurance at 102% or 140% of employee premiums until Medicare eligible (County contribution based on years of service)
- \$1,000 life insurance policy
- Post 65 Medicare Supplement

To the extent permitted by law, these benefits are subject to change by the County.

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### III. County OPEB Financial Obligations

In 2018, the County contracted with an actuarial firm, Nyhart, to prepare the OPEB statistics required by GASB. The final report was issued on June 14, 2019. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective.

Nyhart's full report is attached as Exhibit 2. The main statistics developed by Nyhart are published in the 2018 CAFR and summarized below:

- Actuarially Determined Contribution (ADC) \$7.28M
- Total OPEB Expense \$6.54M
  
- **Total OPEB Liability (TOL) 2018**

TOL at December 31, 2017	\$106.52 M
Service Cost	\$2.57 M
Interest	\$5.37 M
Difference between expected and actual experience	(\$4.66 M)
Benefit payments	(\$3.47 M)
Net Changes	(\$0.19M)
TOL at December 31, 2018	\$106.33 M
  
- **Plan Fiduciary Net Position 2018**

Plan Fiduciary Net Position at December 31, 2017	\$5.42 M
Employer Contributions	\$4.86 M
Benefit Payments	(\$3.47 M)
Net investment income	(\$0.07 M)
Trust administrative expenses	(\$0.23 M)
Net Changes	\$1.09 M
Plan Fiduciary Net Position at December 31, 2018	\$6.51 M

Although GASB requires disclosure of the above statistics, it does not require a solution. As such, Salt Lake County along with many government entities, previously made the decision to pay for the liabilities as they come due. Typically, this underfunds the liability at least when

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compared to the ADC. For the County, the contributions made were \$4.86 million in 2018 (which exceeded the pay-as-you-go amount of \$3.71 million) compared with the ADC of \$7.28 million. The goal of the board of trustees of the fund is to continue increasing contributions to the irrevocable trust year over year until such time when the total annual contributions to OPEB equal the ADC.

#### IV. Summary of Current Year Administration

##### A. Investment Strategy

The investment returns realized by the Trust fund assets play a major role in determining the amount of contributions necessary to finance future expenditures. Higher realized investment return rates will reduce the amount of the Actuarial Determined Contributions – and vice versa. Historically, in order to achieve higher rates of returns, pension funds adopted diversified investment strategies that include equity investments. The Trustees intend to follow a similar approach, which includes using a private investment firm for portfolio management and recordkeeping.

Salt Lake County Treasurer K. Wayne Cushing analyzed multiple management firms and ultimately recommended contracting with Moreton Asset Management to manage the funds of the Trust. The Trustees approved the selection and agreed that the Treasurer would communicate the Board's strategy to Moreton and control the Trust's investments (timing and size) on behalf of the Board. On July 5, 2017, the Trustees approved an investment strategy that includes equity investments as permitted by the Utah Money Management Act, Utah Code Ann. § 51-7-12.2. The portfolio objective was to reach a balance of 50% investment in equities. This objective was met as of September 30<sup>th</sup>, 2019. The Board's goal is to maintain that balance.

##### B. Management of Assets

Salt Lake County Mayor's Finance has established a fiduciary trust fund under the supervision of the Board called the OPEB Trust Fund 995. The financial assets, liabilities, contributions, distributions and net position of the Trust's financial assets are recorded in this fund.

The OPEB Trust Fund 995 consists primarily of two accounts controlled by the Salt Lake County Treasurer; one cash account held in the Public Treasurer's Investment Fund (PTIF), and one account held with Moreton Asset Management (investment account). The balance in the PTIF is used to handle the day to day operations of the OPEB revenues and expenditures which are

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managed through Salt Lake County Mayor's Finance and follow county policy and protocol for disbursement. The second account holds the majority of the fund's assets and is intended to be invested to facilitate growth following the strategy outlined above. Additionally, the Board of Trustees has authorized a strategy to review the net effect of revenues and expenditures to the PTIF account each year, and if a surplus develops beyond an agreed minimum reserve of \$250,000, the excess will be transferred to the investment account. In the event a deficit occurs reducing the PTIF below the minimum reserve, the Board will make an adjustment recommendation to the County Mayor and Council to correct the structural budget deficit. In general, that correction will necessitate increasing revenues (contributions) from county organizations.

Contributions (revenues) to the OPEB Trust Fund 995 are made up of collections of health insurance premiums from eligible retirees and receipts of an OPEB charge made to applicable County organizations. Distributions, or expenses of the fund are paid when incurred and invoiced to the County and consist only of costs related to providing the benefits to employees. During the annual county budget process, estimates for both revenues and expenditures are made and appropriations are requested.

#### V. Current Year Audited Financial Results

The revenues and expenditures on a management basis of the Trust are reported in Exhibit 3. The official financial statement for the Trust is included in Exhibit 4.

The market value of the investment account as of 12/31/2018 invested by the Treasurer with Moreton Asset Management, was \$5,168,287. The Board will continue to review the assets of the Trust and make recommendations in line with its long-term goal of asset accumulation. See Exhibit 5 for a complete breakdown of current investments and the market value of the Trust's investments as of 12/31/2018.

In 2018, additions to the trust exceeded deductions by \$1,089,332. For the official financial statements, any payments made by plan participants are excluded from contributions and payments. Retiree contributions collected by the trust for 2017 were \$897,429.

During its February 2019 meeting, the Board recommended the transfer of \$1,300,000 to the Treasurer for investment in the investment account. This contribution represents an increase from the contribution of \$200,000 made in 2018 as a result of the 2017 operations of the fund. Accordingly, and in line with the board of trustees' goals for the fund, a recommendation was made to the County policy makers- Mayor and Council, to increase the OPEB charge to County organizations during the June budget re-opening in 2018. The policy makers agreed with this

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recommendation and on June 19, 2018, the County Council appropriated increased 2018 revenues to the fund in the amount of \$971,441 per year. This increase along with an overall positive year for claims resulted in the increased transfer.

The expenses of the Trust are those paid to the investment advisor in the form of commissions and the expenditures identified in the OPEB Fund 995 summary. The Trustees are Salt Lake County employees and receive no compensation from the Trust. Salt Lake County overhead costs, apart from Trustee time, are charged to fund 995 using the same allocation method used for all County funds. Overhead costs for 2018 totaled \$97,617.

VI. Summary

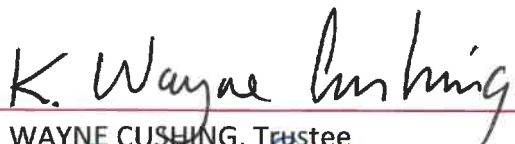
In November 2014, Salt Lake County took the first step in moving away from a purely pay-as-you-go method of paying for OPEB expenditures. Its goal is to begin reducing the unfunded liability associated with the benefits. To this end, a specific irrevocable OPEB trust fund and related investment account have been established by the County for the purpose of accumulating cash to fund the liability.


As previously mentioned, the irrevocable trust was established with an initial contribution of \$3.8 million. The first four years of operation resulted in additional contributions from Salt Lake County to the Trust in excess of \$2.6 million.

The Board, which generally meets quarterly, will continue to monitor the operations and finances of the fund, with the goal of capital accumulation in the Trust and the reduction of the Unfunded Actuarial Accrued Liability for OPEB.

Dated this 4 day of December, 2019

  
\_\_\_\_\_  
DARRIN CASPER, Trustee

  
\_\_\_\_\_  
K. WAYNE CUSHING, Trustee

  
\_\_\_\_\_  
DAVID DELQUADRO, Trustee

\_\_\_\_\_  
VACANT, Trustee



DECLARATION OF TRUST  
FOR THE SALT LAKE COUNTY OPEB TRUST

DATED SEPTEMBER 22, 2015

**DECLARATION OF TRUST  
FOR THE SALT LAKE COUNTY OPEB TRUST**

This **Declaration of Trust for the Salt Lake County OPEB Trust** (the “Trust”), **effective date**, September 22, 2015, is entered into by and between SALT LAKE COUNTY, as the **Settlor** and DARRIN CASPER, K. WAYNE CUSHING, DAVID DELQUADRO and SARAH BRENNAs as **Trustees**.

**RECITALS**

A. Pursuant to Salt Lake County Council Resolution, dated April 21, 2015, the Salt Lake County Council authorized the creation of an irrevocable trust for the purpose of funding future liabilities of the Settlor arising from OPEB Obligations, as the term is defined below in Article I.

B. It is the Settlor’s intent that the Trust be exempt from federal income tax pursuant to 26 U.S.C. § 115 or the Doctrine of Intergovernmental Tax Immunity. In this regard, the Trust is an integral instrumentality of the Settlor and performs an essential governmental purpose. To the extent relevant to the above intentions, the Trust is a “Grantor Trust” under 26 U.S.C. § 671.

C. It is the Settlor’s intent that the Trust qualify as an irrevocable trust for purposes of GASB Statements 43 and 45 and applicable successor Statements that may be enacted.

Now therefore, the parties do hereby establish this Trust and agree that the Trust be comprised, held, and disposed of as follows:

**AGREEMENT**

**ARTICLE I  
DEFINITIONS**

Section 1.1 Definitions. The following definitions apply:

(a) Available Trust Property. The term “Available Trust Property” means property of the Trust after allowances for all debts, expenses, and taxes.

(b) Board of Trustees. The term “Board of Trustees” refers to the Trustees appointed pursuant to Article IV.

(c) Chief Financial Officer. The term “Chief Financial Officer” means the individual appointed to that position by the Salt Lake County Mayor.

(d) Council Fiscal Manager. The term “Council Fiscal Manager” means the individual appointed to that position by the Salt Lake County Council.

(e) Director of Administrative Services. The term “Director of Administrative Services” means the individual appointed by the Salt Lake County Mayor to be the Director of the Administrative Services Division Salt Lake County.

(f) GASB Statements. The term “GASB Statements” refers to Statements issued by the Governmental Accounting Standards Board.

(g) OPEB. The term “OPEB(s)” means “other post-employment benefits, other than pension benefits” as the term is used in GASB Statements, and which are provided to retired employees of the Settlor and contained in the Settlor’s written policies, which may be amended from time to time as allowed by law.

(h) OPEB Beneficiary. The term “OPEB Beneficiary(ies)” refers to a retired employee of the Settlor and the employee’s spouse and dependents who are entitled to receive an OPEB.

(i) OPEB Obligations. The term “OPEB Obligation” means the Settlor’s financial obligation to cover the cost for OPEBs and it includes direct and indirect administrative costs of the Settlor in administering the OPEBs.

(j) Salt Lake County Treasurer. The term “Salt Lake County Treasurer” means the individual holding the elected office of Treasurer for Salt Lake County as provided in Title 17, Chapter 24 of the Utah Code.

(k) Section 51-7-12.2. The term “Section 51-7-12.2” refers to Utah Code § 51-7-12.2, effective as of January 1, 2015, and amendments thereto unless the Settlor specifies otherwise.

(l) Settlor. The term “Settlor” refers to Salt Lake County.

**ARTICLE II**  
**TRANSFER IN TRUST**

Section 2.1 General. The property held by the Trust and any property subsequently transferred shall be administered upon the terms, conditions, and purposes set forth herein.

Section 2.2 Property. The property of the Trust consists of the amounts appropriated by the Salt Lake County Council as reflected by Schedule A and such future amounts appropriated by the Salt Lake County Council at its discretion, including the income earned thereon. The Trust should not be construed to require the Settlor to make any other contribution.

Section 2.3 Segregation of Property. Trust property must be segregated from other property of the Settlor.

Section 2.4 Irrevocable. Except as provided in Article V, this Trust and transfers of property to this Trust are irrevocable and no creditor of the Settlor, Trustees, or OPEB Beneficiary has recourse to the Trust and its property.

Section 2.5 No pledge. The full faith and credit and taxing power of the Settlor are not pledged for the OPEB Obligations or distributions from this Trust.

**ARTICLE III**  
**PURPOSE**

Section 3.1 Purpose. The purpose of this Trust is to provide funding for the Settlor's OPEB Obligations subject to Available Trust Property. This Trust may not be interpreted to vest or create a right to an OPEB beyond or different than those rights vested or created pursuant to law independent of the terms of this Trust. OPEB Beneficiaries have no claim to Trust property, except for payment of OPEB Obligations as provided herein. Participation in the Trust and continuation of the Settlor's policies that provide an OPEB are not assumed as a contractual obligation of the Settlor and the Settlor retains the right to amend or repeal an OPEB as allowed by law.

Section 3.2 Distributions. The Board of Trustees shall distribute any portion of the income or invade the principal from Available Trust Property necessary to satisfy the balance of current OPEB Obligations after consideration of all other funding provided by

the Settlor, OPEB beneficiaries, and investment returns. The Board of Trustees can use Available Trust Property to reimburse the Settlor for payments of current OPEB Obligations on the Trust's behalf.

#### **ARTICLE IV** **BOARD OF TRUSTEES**

Section 4.1 Composition. The initial Board of Trustees consists of four Trustees: the Salt Lake County Treasurer, the Chief Financial Officer, the Council Fiscal Manager, and the Director of Administrative Services. The Settlor retains the right to alter the composition of the Trustees, remove Trustees, and add Trustees.

#### Section 4.2 Replacement Trustees.

(a) A Trustee is removed from his appointment effective upon the date the Trustee no longer serves in the office or position stated in Section 4.1.

(b) Upon removal, a Trustee shall deliver all Trust property and records in his possession to his successor Trustee or, in the absence of a successor Trustee, the Board of Trustees, and make available to his successor and the Board of Trustees a complete inventory of the Trust property.

(c) Replacement Trustees serve upon appointment to their respective office or position.

(d) If a Trustee resigns or fails to accept the appointment, the Settlor shall appoint a replacement Trustee.

Section 4.3 Meetings, Quorums and Voting. All actions of the Trust must be made by a majority vote of the Board of Trustees where a quorum is present. A quorum consists of a majority of the members of the Board of Trustees. [For example, under the initial composition of the Board of Trustees reflected in Section 4.1, three Trustees must be present for a quorum to exist, but all three Trustees present must vote in favor of the action to satisfy the majority vote requirement]. If serving as a Trustee, the Chief Financial Officer shall serve as chairman of the Board of Trustees and call all meetings necessary to conduct the business of the Trust; otherwise, the Board of Trustees shall elect a chairman to perform such duties. The Board of Trustees may establish policies to conduct meetings by electronic conference or proxy and, in lieu of a meeting, by written consent.

Section 4.4 Duties and Powers of the Board of Trustees.

(a) Unless otherwise restricted by this Declaration, Section 57-1-12.2, or other applicable law, the Board of Trustees has all powers authorized by Utah Code Ann. § 75-7-813 and the following specific powers to:

(i) collect Trust property and accept to the Trust property from the Settlor or any other person;

(ii) acquire or sell property, for cash or on credit, at public or private sale;

(iii) exchange, partition, or otherwise change the character of Trust property;

(iv) deposit Trust money in an account in a regulated financial service institution;

(v) borrow money, with or without security from any financial institution;

(vi) with respect to an interest in a proprietorship, partnership, limited liability company, business trust, corporation, or other form of business or enterprise, continue the business or other enterprise and take any action that may be taken by shareholders, members, or property owners, including merging, dissolving, or otherwise changing the form of business organization or contributing additional capital;

(vii) with respect to stocks or other securities, exercise the rights of an absolute owner, including the right to:

(1) vote, or give proxies to vote, with or without power of substitution, or enter into or continue a voting trust agreement;

(2) hold a security in the name of a nominee or in other form without disclosure of the Trust so that title may pass by delivery;

(3) pay calls, assessments, and other sums chargeable or accruing against the securities, and sell or exercise stock subscription or conversion rights; and

(4) deposit the securities with a depository or other regulated financial service institution;

(viii) grant an option involving a sale, lease, or other disposition of Trust property or acquire an option for the acquisition of property, including an option exercisable beyond the duration of the Trust, and exercise an option so acquired;

(ix) insure the property of the Trust against damage or loss and insure the Board of Trustees, its agents, and beneficiaries against liability arising from the administration of the Trust;

(x) abandon or decline to administer property of no value or of insufficient value to justify its collection or continued administration;

(xi) pay or contest any claim, settle a claim by or against the Trust, and release, in whole or in part, a claim belonging to the Trust;

(xii) pay taxes, assessments, compensation of the agents of the Trust, and other expenses incurred in the administration of the Trust;

(xiii) exercise elections with respect to federal, state, and local taxes;

(xiv) appoint a Trustee to act in another jurisdiction with respect to Trust property located in the other jurisdiction, confer upon the appointed Trustee all of the powers and duties of the appointing Trustee, require that the appointed Trustee furnish security, and remove any Trustee so appointed;

(xv) resolve a dispute concerning the interpretation of the Trust or its administration by mediation, arbitration, or other procedure for alternative dispute resolution;

(xvi) prosecute or defend an action, claim, or judicial proceeding in any jurisdiction to protect Trust property and a Trustee in the performance of a Trustee's duties;

(xvii) sign and deliver contracts and other instruments that are useful to achieve or facilitate the exercise of the Board of Trustee's powers; and

(xviii) on termination of the Trust, exercise the powers appropriate to finalize the administration of the Trust and distribute the Trust property to the persons or entities entitled to it; and

(xix) the Board of Trustees may delegate investment and management functions that a prudent trustee of comparable skills could properly delegate under the circumstances.

(1) The Board of Trustees shall exercise reasonable care, skill, and caution in:

(A) selecting the agent;

(B) establishing the scope and terms of the delegation consistent with the purposes of the Trust; and

(C) periodically reviewing the agent's actions to monitor the agent's performance and compliance with the terms of the delegation.

(2) This authority to delegate includes the delegation to employees of the Settlor to manage, collect, and make payments for OPEB Obligations on behalf of the Board of Trustees.

(b) The Board of Trustees has the following duties to:

(i) administer the Trust in accordance with its purpose stated in Article III;

(ii) only incur costs that are reasonable in relation to the Trust property, purposes of the Trust, and skills of the Trustees;

(iii) maintain adequate records of the administration of the Trust;

(iv) separate Trust property from property of Trustees or the Settlor;

(v) take reasonable steps to take control and protect Trust property;

(vi) take reasonable steps to enforce and defend claims against the Trust;



(vii) take reasonable steps to ensure the duties delegated in Section 4.5 to individual Trustees are performed and, if such duties are not performed, fulfill such duties;

(viii) commission and obtain actuarial studies of the Settlor's OPEB Obligations if requested by the Settlor;

(ix) establish the amount of contributions to the Trust necessary to fund the Settlor's OPEB Obligations and the administrative expenses of the Trust if requested by the Settlor;

(x) take all steps necessary to ensure the tax exempt status of the Trust;

(xi) approve and hire all Trust professional asset managers, advisors, consultants, and custodians; and

(xii) develop and approve an investment plan with the primary goal of providing for the stability, income, and growth of the principal, but such plan is subject to the investment restraints of Section 51-7-12.2

Section 4.5 Individual Duties of the Trustees. Unless modified by the Board of Trustees, the individual Trustees have the following independent duties and powers:

(a) the Salt Lake County Treasurer:

(i) shall serve as custodian of Trust property and invest Trust property in accordance with the investment plan approved by the Board of Trustees compliant with Section 51-7-12.2 and Section 4.9.

(ii) may deduct any administrative costs incurred in managing the property of the Trust prior to distribution;

(iii) may select and recommend to the Board of Trustees professional asset managers or advisors to assist in the investment of Trust property; and

(vi) distribute property for the purposes stated in Article III.

(b) the Chief Financial Officer shall:

(i) prepare annual accountings of the Trust and reports of administration for approval by the Board of Trustees and present approved accountings and reports to the Salt Lake County Council; and

(ii) prepare quarterly accountings of the Trust for the Board of Trustees.

Section 4.6 Accounting and Notice to OPEB Beneficiaries. The Board of Trustees is not required to provide an accounting, report, or notice of its activities to OPEB Beneficiaries.

Section 4.7 Compensation of the Board of Trustees or advisors to the Trust. The Board of Trustees and advisors who are employed by the Settlor are not entitled to compensation for their services to the Trust, but may receive payment for expenses in accordance with the Settlor's Countywide Policies. All other advisors may receive reasonable compensation for their services. All costs and compensation must be paid first from income of the Trust.

Section 4.8 Trustee Bonds. No Trustee, wherever acting, is required to give bond or surety.

Section 4.9 Investment Standards.

(a) The Board of Trustees or individual Trustees as the case may be shall invest and manage the Trust property compliant with Section 51-7-12.2 and as a prudent investor would by:

(i) considering the purpose, terms, distribution requirements, and other circumstances of the Trust; and

(ii) using the judgment and care under the circumstances then prevailing that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.

(b) No specific investment outcome is required.

(c) In determining whether a Trustee has met the standard of care of a prudent investor, the judge or finder of fact shall:

(i) consider the Trustee's actions in light of the facts and circumstances existing at the time of the investment decision or action, and not by hindsight; and

(ii) evaluate the Trustee's investment and management decisions respecting individual assets (1) not in isolation, but in the context of the Trust's portfolio as a whole; and (2) as part of an overall investment strategy that has risk and return objectives reasonably suited to the Trust.

Section 4.10 Indemnification. The Settlor shall indemnify and hold harmless the Trustees in the same manner as if they were employees of Settlor for liabilities, actions and claims arising against them in their capacity as Trustees or performance as Trustees.

## **ARTICLE V** **AMENDMENT AND TERMINATION**

Section 5.1 Amendment. The Trust may be amended upon approval of the Board of Trustees or the Salt Lake County Council provided that such amendments do not alter the stated purpose of the Trust and the irrevocable status of the contributions made to the Trust.

Section 5.2 Termination. The Salt Lake County Council may terminate the Trust and upon termination, the Board of Trustees, after applying all Trust property to the liabilities of the Trust, including the OPEB Obligations as required by Section 2.1, shall distribute the balance to the Settlor.

## **ARTICLE VI** **MISCELLANEOUS**

Section 6.1 Counterparts. This Trust may be signed in counterparts.

Section 6.2 Descriptive Titles. The descriptive titles of the Articles, Sections, and Paragraphs as used in this declaration are for convenience only and any construction of this declaration will be made without reference to such titles.

Section 6.3 Governing Law. The construction and interpretation of this Trust and all questions concerning its administration shall be governed by the laws of the State of Utah.

Section 6.4 Interpretation. Whenever necessary in this declaration, and where the context requires, the singular term and the related pronoun shall include the plural, and the masculine feminine and neuter terms and pronouns shall be fully interchangeable.

Section 6.5 Separability of Provisions. In the event that any provision of this Declaration violates any rule or law, only such invalid provision and not the entire instrument will be considered void and all of the other provisions hereof will remain in full force and effect.

Section 6.6 Statutory Reference. Unless the context provides otherwise, reference or incorporation of a specific statute means the statutory language existing on the effective date of the Trust.

Section 6.7 Governmental Immunity. For purposes of the Utah Governmental Immunity Act, this Trust is a body corporate and politic of the State of Utah and the Trust and its Trustees are only liable within the parameters of the Governmental Immunity Act. Nothing in this Declaration should be construed to modify the limits or basis of liability as established in the Governmental Immunity Act.

Section 6.8 Third Party Claims. The Trust is established for the sole benefit of OPEB Obligations. No employee, former employee, or retired employee of the Settlor shall have any claim to the property of the Trust.

DATED this 25<sup>th</sup> day of September, 2015.

SALT LAKE COUNTY, SETTLOR

By: \_\_\_\_\_

  
Ben McAdams, Mayor

DATED this 25 day of September, 2015



DARRIN CASPER,  
Chief Financial Officer and Trustee

DATED this 29<sup>th</sup> day of September, 2015



K. WAYNE CUSHING,  
Salt Lake County Treasurer, Trustee

DATED this 29<sup>th</sup> day of September, 2015



SARAH BRENNNA,  
Director of Administrative Services, Trustee

DATED this 29<sup>th</sup> day of September, 2015



DAVID DELQUADRO,  
Council Fiscal Manager, Trustee

**FIRST AMENDMENT TO DECLARATION OF TRUST  
FOR THE SALT LAKE COUNTY OPEB TRUST**

This **First Amendment to the Declaration of Trust for the Salt Lake County OPEB Trust** (the "Trust") is made this 16 day of May, 2017, by and between SALT LAKE COUNTY ("Settlor") and DARRIN CASPER, K. WAYNE CUSHING, and DAVID DELQUADRO as Trustees.

**RECITALS**

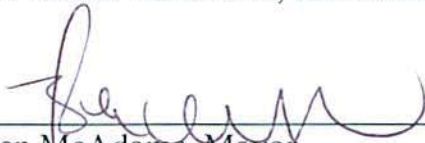
- A. The Trust was created on September 22, 2015.
- B. The Trust required one of the Trustees to be the individual holding the position of "Director of Administrative Services."
- C. The Salt Lake County Mayor has reorganized his office and the position of Director of Administrative Services has been dissolved and the duties assigned to other appointees.
- D. As a result of the Mayor's reorganization, the Trust is amended to include a new trustee.

**AMENDMENT**


- 1. Section 1.1 Definitions, subparagraph (e) defining "Director of Administrative Services" is replaced entirely by the following definition:
  - (e) Human Resource Appointee. The term "Human Resource Appointee" refers to an individual employed in the Salt Lake County Human Resource Division or individual with direct supervisory authority over the Salt Lake County Human Resource Division, and appointed by the Salt Lake County Mayor to be a Trustee.
- 2. Section 4.1 Composition, is amended to replace the term "Director of Administrative Services" with "Human Resource Appointee."
- 3. Except as amended above, the Declaration of Trust remains the same.

DATED this 16<sup>th</sup> day of May, 2017.


SALT LAKE COUNTY, SETTLOR

By:   
Ben McAdams, Mayor


DATED this 16 day of May, 2017

  
DARRIN CASPER,  
Chief Financial Officer and Trustee

DATED this 16 day of May, 2017

  
K. WAYNE CUSHING,  
Salt Lake County Treasurer, Trustee


DATED this 16 day of May, 2017

  
DAVID DELQUADRO,  
Council Fiscal Manager, Trustee

**APPOINTMENT OF NEW TRUSTEE**

Michael Ongkiko, Division Director of Human Resources, is appointed Trustee of the Trust in place of Sarah Brenna. Michael Ongkiko fills the Human Resource Appointee required by the First Amendment to the Trust.

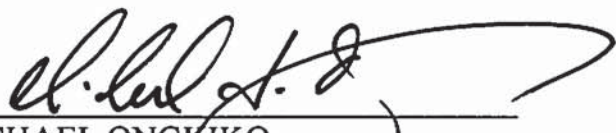
Dated this 16 day of May, 2017

  
\_\_\_\_\_  
BEN MCADAMS, Mayor

**TRUSTEE ACCEPTANCE**

I, Michael Ongkiko, accept the appointment as Trustee of the Trust.

Dated this 16 day of May, 2017

  
\_\_\_\_\_  
MICHAEL ONGKIKO,  
Division Director of Human Resources, Trustee





# **GASB 74/75 INTERIM ACTUARIAL VALUATION**

## **Fiscal Year Ending December 31, 2018**

# **SALT LAKE COUNTY**

### **CONTACT**

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**June 14, 2019**

**Brett Carlson  
Salt Lake County  
2001 South State Street  
Salt Lake City, UT 84114**

This report summarizes the interim GASB actuarial valuation for the Salt Lake County 2018 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions).

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.



Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.

A handwritten signature in black ink that reads "Randy Gomez". The signature is written in a cursive, flowing style.

Randy Gomez, FSA, MAAA  
Consulting Actuary

# Executive Summary

## Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

### Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending December 31, 2018 compared to the prior fiscal year as shown in the County's Notes to Financial Statement.

	As of December 31, 2017	As of December 31, 2018
<b>Total OPEB Liability</b>	\$ 106,520,525	\$ 106,326,832
<b>Actuarial Value of Assets</b>	\$ (5,422,923)	\$ (6,512,255)
<b>Net OPEB Liability</b>	\$ 101,097,602	\$ 99,814,577
<b>Funded Ratio</b>	5.1%	6.1%

	FY 2017	FY 2018
<b>OPEB Expense</b>	\$ 7,990,623	\$ 6,541,340
<b>Annual Employer Contributions</b>	\$ 3,532,512	\$ 4,857,214
<b>Actuarially Determined Contribution</b>	\$ 7,848,147	\$ 7,278,974

	As of December 31, 2017	As of December 31, 2018
<b>Discount Rate</b>	5.00%	5.00%
<b>Expected Return on Assets</b>	5.00%	5.00%

# GASB Disclosures

Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

## Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2018	FY 2017
<b>Total OPEB Liability</b>		
Total OPEB Liability - beginning of year	\$ 106,520,525	\$ 105,692,624
Service cost	2,565,355	3,686,540
Interest	5,368,659	5,199,279
Change of benefit terms	0	0
Changes in assumptions	0	3,579,764
Differences between expected and actual experience	(4,660,027)	(8,181,459)
Benefit payments	(3,467,680)	(3,456,223)
Net change in total OPEB liability	\$ (193,693)	\$ 827,901
Total OPEB Liability - end of year	\$ 106,326,832	\$ 106,520,525
<b>Plan Fiduciary Net Position</b>		
Plan fiduciary net position - beginning of year	\$ 5,437,723	\$ 5,206,393
Contributions - employer	4,857,214	3,532,512
Contributions - active employees	0	0
Net investment income	(72,309)	140,241
Benefit payments	(3,467,680)	(3,456,223)
Trust administrative expenses	(242,693)	0
Net change in plan fiduciary net position	\$ 1,074,532	\$ 216,530
Plan fiduciary net position - end of year	\$ 6,512,255	\$ 5,422,923
<b>Net OPEB Liability - end of year</b>	<b>\$ 99,814,577</b>	<b>\$ 101,097,602</b>
Plan fiduciary net position as % of total OPEB liability	6.1%	5.1%
Covered employee payroll	\$ 118,859,880	\$ 123,802,045
Net OPEB liability as % of covered payroll	84.0%	81.7%

# GASB Disclosures

Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

## Schedule of Employer Contributions

The Actuarially Determined Contributions (ADC) shown below are based on the Annual Required Contribution (ARC) calculated in prior GASB 45 actuarial valuations as shown in the County's financial statements.

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Actuarially Determined Contribution (ADC)	\$ 7,278,974	\$ 7,848,147	\$ 7,970,611	\$ 7,764,324	\$ 7,952,175
Contributions in relation to the ADC	4,857,214	3,532,512	3,908,992	6,528,631	2,784,832
Contribution deficiency/(excess)	\$ 2,421,760	\$ 4,315,635	\$ 4,061,619	\$ 1,235,693	\$ 5,167,343
Covered employee payroll	\$ 118,859,880	\$ 123,802,045	\$ 145,267,334	\$ 145,267,334	\$ 159,244,634
Contribution as a % of covered payroll	4.1%	2.9%	2.7%	4.5%	1.8%

	FY 2013	FY 2012
Actuarially Determined Contribution (ADC)	\$ 7,952,175	\$ 7,844,729
Contributions in relation to the ADC	3,301,283	2,523,969
Contribution deficiency/(excess)	\$ 4,650,892	\$ 5,320,760
Covered employee payroll	\$ 159,244,634	\$ 145,764,229
Contribution as a % of covered payroll	2.1%	1.7%

# GASB Disclosures

Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

## OPEB Expense

OPEB Expense	FY 2018	FY 2017
Discount Rate		
Beginning of year	5.00%	5.00%
End of year	5.00%	5.00%
Service cost	\$ 2,565,355	\$ 3,686,540
Interest	5,368,659	5,199,279
Change of benefit terms	0	0
Projected earnings on OPEB plan investments	(300,207)	(262,204)
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	242,693	0
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (1,945,451)	\$ (1,168,780)
Changes in assumptions	511,395	511,395
Net difference between projected and actual earnings on OPEB plan investments	98,896	24,393
Total current period recognition	\$ (1,335,160)	\$ (632,992)
Total OPEB expense	\$ 6,541,340	\$ 7,990,623



# GASB Disclosures

Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

## Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

The initial amortization period for the first two items noted above is based on expected future service lives while the difference between the projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of December 31, 2018
December 31, 2017	\$ (8,181,459)	7	\$ (1,168,780)	\$ (5,843,899)
December 31, 2018	\$ (4,660,027)	6	\$ (776,671)	\$ (3,883,356)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of December 31, 2018
December 31, 2017	\$ 3,579,764	7	\$ 511,395	\$ 2,556,974
December 31, 2018	\$ 0	N/A	\$ 0	\$ 0

Net Difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of December 31, 2018
December 31, 2017	\$ 121,963	5	\$ 24,393	\$ 73,177
December 31, 2018	\$ 372,516	5	\$ 74,503	\$ 298,013

# GASB Disclosures

Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

## Deferred Outflows / (Inflows) of Resources (Continued)

As of fiscal year ending December 31, 2018	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 0	\$ (9,727,255)
Changes in assumptions	2,556,974	0
Net difference between projected and actual earnings in OPEB plan investments	371,190	0
<b>Total</b>	<b>\$ 2,928,164</b>	<b>\$ (9,727,255)</b>

## Annual Amortization of Deferred Outflows / (Inflows)

The balances as of December 31, 2018 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2019	\$ (1,335,160)
2020	\$ (1,335,160)
2021	\$ (1,335,162)
2022	\$ (1,359,552)
2023	\$ (1,434,054)
Thereafter	\$ 0

# GASB Disclosures

## Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

### Sensitivity Results

The following presents the net OPEB liability as of December 31, 2018, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 5.00%.
- The 1% decrease in discount rate would be 4.00%.
- The 1% increase in discount rate would be 6.00%.

As of December 31, 2018	Net OPEB Liability
1% Decrease	\$ 116,007,158
Current Discount Rate	\$ 99,814,577
1% Increase	\$ 86,696,157

The following presents the net OPEB liability as of December 31, 2018, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 8.50%, decreasing to an ultimate rate of 5.00%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.50%, decreasing to an ultimate rate of 4.00%.
- The 1% increase in health care trend rates would assume an initial rate of 9.50%, decreasing to an ultimate rate of 6.00%.

As of December 31, 2018	Net OPEB Liability
1% Decrease	\$ 84,638,671
Current Trend Rates	\$ 99,814,577
1% Increase	\$ 118,995,683

# GASB Disclosures

Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

## Asset Information

Asset Breakdown		FY 2017		FY 2018
<b>Assets</b>				
Cash and cash equivalents	\$	322,410	\$	1,343,594
Securities lending cash collateral		0		0
Total cash	\$	322,410	\$	1,343,594
Receivables				
Contributions	\$	0	\$	0
Accrued interest		0		0
Total receivables	\$	0	\$	0
Investments				
Fixed income	\$	3,717,675	\$	3,013,211
Equities		1,397,638		2,155,450
Mutual Funds		0		0
Total investments	\$	5,115,313	\$	5,168,661
Total Assets	\$	5,437,723	\$	6,512,255
<b>Liabilities</b>				
Payables				
Investment management fees	\$	14,800	\$	0
Securities lending expense		0		0
Total liabilities	\$	14,800	\$	0
<b>Net Position Restricted to OPEB</b>	<b>\$</b>	<b>5,422,923</b>	<b>\$</b>	<b>6,512,255</b>

\* Assets provided by Moreton do not match those provided by the County. The net difference was included in the "Cash and cash equivalents" category.

# GASB Disclosures

Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

## Asset Information (Continued)

Asset Reconciliation	FY 2017	FY 2018
<b>Additions</b>		
Contributions Received		
Employer	\$ 3,532,512	\$ 4,857,214
Employee	0	0
<b>Total contributions</b>	<b>\$ 3,532,512</b>	<b>\$ 4,857,214</b>
Investment Income		
Net increase in fair value of investments	\$ 38,228	\$ (230,363)
Interest and Dividends	102,013	158,054
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
<b>Net investment income</b>	<b>\$ 140,241</b>	<b>\$ (72,309)</b>
<b>Total additions</b>	<b>\$ 3,672,753</b>	<b>\$ 4,784,905</b>
<b>Deductions</b>		
Benefit payments	\$ 3,456,223	\$ 3,467,680
Administrative expenses	0	242,693
Other	0	0
<b>Total deductions</b>	<b>\$ 3,456,223</b>	<b>\$ 3,710,373</b>
<b>Net increase in net position</b>	<b>\$ 216,530</b>	<b>\$ 1,074,532</b>
<b>Net position restricted to OPEB</b>		
Beginning of year	\$ 5,206,393	\$ 5,437,723
End of year	\$ 5,422,923	\$ 6,512,255

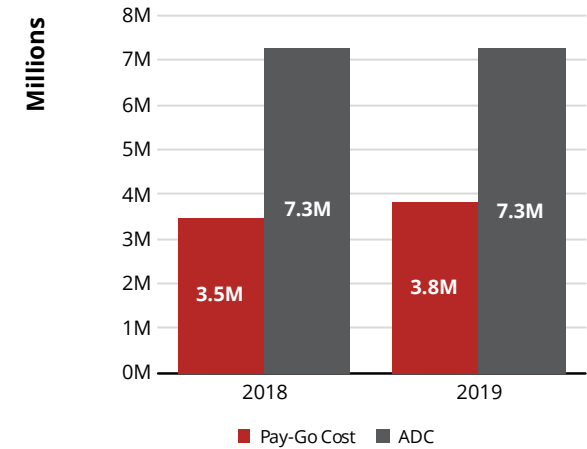
\* Assets provided by Moreton do not match those provided by the County. The net difference was included in the "Cash and cash equivalents" category.

# Actuarially Determined Contributions

Salt Lake County Interim GASB 74/75 Valuation For Fiscal Year Ending December 31, 2018

	FY 2018	FY 2019
Discount rate (Funding)	5.00%	5.00%
Payroll growth factor used for amortization	3.25%	3.25%
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level % of Salary	Level % of Salary
Amortization period (years)	29	28
Actuarial Accrued Liability (AAL) - beginning of year	\$ 106,520,525	\$ 106,326,832
Actuarial Value of Assets (AVA) - beginning of year	(5,437,723)	(6,512,255)
Unfunded AAL - beginning of year	\$ 101,082,802	\$ 99,814,577
Normal Cost	\$ 2,565,355	\$ 2,479,145
Amortization of Unfunded AAL	4,367,001	4,431,805
Total normal cost plus amortization	\$ 6,932,356	\$ 6,910,950
Interest to end of year	346,618	345,548
Actuarially Determined Contribution - Preliminary	\$ 7,278,974	\$ 7,256,498
Expected Benefit Payments	3,467,680	3,839,605
<b>Actuarially Determined Contribution - Final</b>	<b>\$ 7,278,974</b>	<b>\$ 7,256,498</b>

## Cash Vs Accrual Accounting



**Actuarially Determined Contribution (ADC)** is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

# Discussion of Discount Rates

## Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) must be used.

For the current valuation:

1. The long-term expected rate of return on OPEB plan investment is assumed to be 5.00% as of January 1, 2018 and December 31, 2018. This was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage. The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of December 31, 2018 are summarized in the following table.

Asset Class	Target Allocation	L/T Expected Real Rate of Return <sup>1</sup>
VTSMX	34.0%	6.10%
VGTSX	16.0%	2.63%
Corporate Bonds	20.0%	1.03%
Government Bonds	10.0%	-0.43%
CDs	10.0%	0.11%
U.S. Agency Mortgage Backed	10.0%	0.70%
Total	100.0%	2.54%

2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

Yield as of	January 1, 2018	December 31, 2018
Bond Buyer Go 20-Bond Municipal Bond Index	3.56%	4.11%
S&P Municipal Bond 20-Year High Grade Rate Index	3.17%	3.64%
Fidelity 20-Year Go Municipal Bond Index	3.31%	3.71%
Bond Index Range	3.17% - 3.56%	3.64% - 4.11%
Bond Index Used	3.56%	4.11%

3. The final equivalent single discount rate used for accounting disclosure purposes is 5.00% as of January 1, 2018 and December 31, 2018 based on the expectation that the County will contribute \$900,000 in 2018 increasing by \$250,000 per year until the ADC is reached. If the contribution policy changes, Nyhart will need to re-evaluate the discount rate used for accounting disclosure purposes. Based on our projections, the Trust is never expected to be depleted. A discount rate of 5.00% is used for funding purposes (in determining the Actuarially Determined Contribution).

<sup>1</sup> Nyhart estimated the real rates of return by reducing the reported rates of return by 2.50% inflation.

# Summary of Key Actuarial Assumptions

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## Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

For a complete summary of actuarial methods and assumptions, refer to the GASB 74/75 actuarial valuation report for the fiscal year ending December 31, 2017.

<b>Measurement Date</b>	For fiscal year ending December 31, 2018, a December 31, 2018 measurement date was used.
<b>Actuarial Valuation Date</b>	January 1, 2018. Liabilities are actuarially rolled forward to the December 31, 2018 measurement date.
<b>Discount Rate</b>	Accounting: 5.00% as of January 1, 2018 and December 31, 2018 Funding: 5.00% for determining the Actuarially Determined Contribution Refer to the Discussion of Discount Rate section for more information on the selection of the discount rate.
<b>Payroll Growth</b>	General wage inflation for the County is 3.25%. Merit/productivity increases for the Salt Lake County is as shown below which is based on the Utah Retirement System's actuarial valuation as of January 1, 2017.

<u>Service</u>	<u>General</u>	<u>Public Safety</u>
5	2.0%	2.5%
10	1.0%	1.8%
15	0.8%	1.0%
20	0.3%	0.8%
25+	0.0%	0.0%

**Inflation Rate** 2.50% per year

**Cost Method** Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.



# Summary of Key Actuarial Assumptions

---

Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

Health Care Trend Rates	FYE	Pre-65	Post-65	Dental
	2019	8.50%	6.5%	3.00%
	2020	8.00%	6.0%	3.00%
	2021	7.50%	5.5%	3.00%
	2022	7.00%	5.0%	3.00%
	2023	6.50%	4.5%	3.00%
	2024	6.00%	4.5%	3.00%
	2025	5.50%	4.5%	3.00%
	2026+	5.00%	4.5%	3.00%

# Actuary's Notes

## Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

Interim year valuation results have been projected from the prior year's valuation with adjustments for actual premium increases from 2018 to 2019. Making this change resulted in a reduction in liabilities.

### Medical Benefit

Same benefit options are offered to retirees as active employees. All pre-Medicare health plans are self-insured while the Medicare plans are all fully-insured. The monthly active and pre-Medicare retiree premiums by plan effective on January 1, 2019 are as shown below.

Pre-Medicare Plans	Active Premiums		Retiree Premiums during COBRA period		Retiree Premiums after COBRA period	
	Retiree	Ret + 1	Retiree	Ret + 1	Retiree	Ret + 1
PPO*	\$ 650.00	\$ 1,429.00	\$ 663.00	\$ 1,457.58	\$ 910.00	\$ 2,000.60
HDHP*	\$ 416.00	\$ 1,195.00	\$ 424.32	\$ 1,218.90	\$ 582.40	\$ 1,673.00

\* Applicable to both Select Health and PEHP plans.

The monthly Medicare retiree premiums by plan effective on January 1, 2019 are as shown below:

Medicare Medical Plans				Medicare Rx Plans	Rate
Age	Medicare 100%	Medicare 75%	Medicare 50%		
65	\$ 118.66	\$ 91.39	\$ 67.34	Basic	\$ 62.90
66	\$ 122.52	\$ 94.37	\$ 69.54	Basic Plus	\$ 88.10
67	\$ 126.38	\$ 97.35	\$ 71.73	Enhanced	\$ 164.80
68	\$ 130.24	\$ 100.32	\$ 73.92		
69	\$ 134.11	\$ 103.30	\$ 76.12		
70	\$ 137.97	\$ 106.28	\$ 78.31		
71	\$ 141.83	\$ 109.25	\$ 80.50		
72	\$ 145.69	\$ 112.23	\$ 82.70		
73	\$ 149.56	\$ 115.21	\$ 84.89		
74+	\$ 153.42	\$ 118.18	\$ 87.09		

# Actuary's Notes

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## Salt Lake County Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2018

### Dental Premium Rates

Same benefit options are available to retirees as active employees. Monthly dental premiums by plan effective on January 1, 2019 are as shown below.

	Active Premiums		Retiree Premiums during COBRA period		Retiree Premiums after COBRA period	
	Retiree	Ret + 1	Retiree	Ret + 1	Retiree	Ret + 1
Dental	\$ 57.00	\$ 73.00	\$ 58.14	\$ 74.46	\$ 79.80	\$ 102.20

**Salt Lake County**  
**OPEB Trust Fund (Fund 995 Department 5308000000) Comparison of Revenues and Expenditures**  
**FINAL December 31, 2018** (run date: 3/19/2019)

<b>Revenues</b>				
<b>Fund</b>	<b>Dept</b>	<b>Account</b>	<b>Descr</b>	<b>Total</b>
995	5308000000	421005	Departmental Fees	(49,919.73)
		429005	Interest - Time Deposits	(7,535.54)
		429015	Interest-Miscellaneous	65,042.65
		431160	Interfund Revenue	(4,807,294.30)
		437090	Ret Ins - SelectHlth Ret	(306,409.38)
		437095	Ret Ins - SelectHlth HDHP Ret	(122,421.04)
		437110	Ret Ins - EMI Dental Retiree	(12.54)
		437111	Ret ins-Cigna Dental Retiree	(128,910.36)
		437215	Ret Ins-Pehp Sumt Retiree	(155,781.10)
		437225	Ret Ins - Pehp HDHP Sum	(133,974.85)
<b>Grand Total</b>				<b>(5,647,216.19)</b>

<b>Expenditures</b>				
<b>Fund</b>	<b>Dept</b>	<b>Account</b>	<b>Descr</b>	<b>Total</b>
995	5308000000	639025	Other Professional Fees	-
		655036	Ret Ins - Life Insurance	20,000.00
		655045	Ret Ins - Pehp Medicare Supp	1,943,748.59
		655055	Emp Ins-Insurance Refunds	2,561.91
		655080	Ret Ins- PEHP Summit Clms	444,161.60
		655081	Ret Ins- PEHP Summit Adm	20,249.25
		655082	Ret Ins- PEHP Summit Rein	5,148.55
		655115	Ret Ins-PEHP Sum HDHP Clms	346,721.66
		655116	Ret Ins-PEHP Sum HDHP Adm	19,207.86
		655117	Ret Ins-PEHP Sum HDHP Rein	5,450.48
		655225	Ret Ins - Select HDHP Claims	245,803.39
		655230	Ret Ins - Select HDHP Admin	30,368.12
		655235	Ret Ins - Select HDHP Reinsur	5,426.71
		655255	Ret Ins - Select Claims	1,207,688.37
		655260	Ret Ins - Select Admin	42,294.70
		655265	Ret Ins - Select Reinsurance	9,003.67
		655281	Ret Ins-Cigna Dental Claims	126,817.89
		655282	Ret Ins-Cigna Dental Admin	7,926.60
		655285	Ret Ins - EMI Dental Claims	5,416.37
		655332	Ret Ins-Regence Claims	(27,730.20)
		655333	Ret Ins-Regence Admin	0.53
		663010	Council Overhead Cost	16,516.00
		663015	Mayor Overhead Cost	30,871.00
		663025	Auditor Overhead Cost	11,240.00
		663040	Info Services Overhead Cost	15,902.00
		663045	Purchasing Overhead Cost	(26.00)
		663070	Mayor Finance Overhead Cost	23,114.00
<b>Grand Total</b>				<b>4,557,883.05</b>

<b>Revenues (Over) / Under Expenditures</b>	<b>(1,089,333.14)</b>
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**SALT LAKE COUNTY**  
**Statement of Fiduciary Net Position**  
**December 31, 2018**

	<b>OPEB</b>	
	<b>Trust Fund</b>	<b>Agency Funds</b>
<b>Assets:</b>		
Pooled cash and investments	\$ 1,258,502	\$ 107,798,093
Investments, at fair value:		
Corporate bonds	1,659,866	—
U.S. agency issues	1,353,346	—
Equity mutual funds	2,155,451	—
Total investments	<u>5,168,663</u>	<u>—</u>
Reinsurance receivable	120,003	—
Total assets	<u>6,547,168</u>	<u>107,798,093</u>
<b>Liabilities:</b>		
Benefits payable	34,913	—
Due to other governments and others	—	107,798,093
Total liabilities	<u>34,913</u>	<u>107,798,093</u>
<b>Net position:</b>		
Restricted for other postemployment benefits	<u>\$ 6,512,255</u>	<u>\$ —</u>

The notes to the financial statements are an integral part of this statement.

**SALT LAKE COUNTY**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended December 31, 2018**

	<b>OPEB</b>
	<b>Trust Fund</b>
	<u>                    </u>
<b>Additions:</b>	
Employer contributions	\$ 4,807,294
Investment income (loss):	
Net decrease in fair value of investments	(253,788)
Interest	<u>150,518</u>
Net investment income (loss)	<u>(103,270)</u>
Total additions	<u>4,704,024</u>
<b>Deductions:</b>	
Benefit payments	3,442,791
Administrative expense	<u>171,901</u>
Total deductions	<u>3,614,692</u>
Net increase in net position	1,089,332
<b>Net position restricted for other postemployment benefits - beginning</b>	<u>5,422,923</u>
<b>Net position restricted for other postemployment benefits - ending</b>	<u><u>\$ 6,512,255</u></u>

The notes to the financial statements are an integral part of this statement.



Report: Portfolio Holdings  
 Account: Moreton-Salt Lake County OPEB (55806)  
 As of: 12/31/2018

Identifier	Description	Original Units	Current Units	Final Maturity	Security Type	Original Cost	Book Value	Net Unrealized		Market Value	Market Value + Accrued
								Gain/Loss	Market Price		
BBG000BVV8K4	VANGUARD TSM IDX ADM	24,135.46	24,135.46	---	Open-End Fund	1,576,341.25	1,576,341.25	(77,770.72)	62.0900	1,498,570.53	1,498,570.53
BBG00193C8D6	VANGUARD TOT I STK ADM	25,891.99	25,891.99	---	Open-End Fund	758,757.53	758,757.53	(101,877.73)	25.3700	656,879.80	656,879.80
CCYUSD	Receivable	25.17	25.17	12/31/2018	CASH	25.17	25.17	0.00	1.0000	25.17	25.17
IBDA	WFB INSTITUTIONAL BANK DEPOSIT	17,600.42	17,600.42	12/31/2018	MMFUND	17,600.42	17,600.42	0.00	1.0000	17,600.42	17,600.42
BBG00B9D1SK2	FEDERAL NATIONAL MORTGAGE ASSOCIATION	200,000.00	200,000.00	01/29/2019	AGCY BOND	200,000.00	200,000.00	(186.00)	99.9070	199,814.00	200,827.33
BBG00FZKY8N3	MORGAN STANLEY	100,000.00	100,000.00	02/14/2020	CORP	100,401.00	100,029.31	(26.31)	100.0030	100,003.00	100,458.22
BBG0068N5YF1	CITIGROUP INC	200,000.00	200,000.00	04/08/2019	CORP	199,956.00	199,995.64	174.36	100.0850	200,170.00	201,670.75
BBG001HMGKP1	MORGAN STANLEY DEAN WITTER & CO.	400,000.00	400,000.00	02/18/2020	CORP	411,772.00	404,604.01	(3,604.01)	100.2500	401,000.00	403,118.67
BBG004CH2L92	BARCLAYS BANK PLC	100,000.00	100,000.00	04/09/2020	CORP	100,650.00	100,276.19	(621.19)	99.6550	99,655.00	100,431.28
BBG00GQV72F9	BARCLAYS BANK PLC	400,000.00	400,000.00	06/16/2020	CORP	399,700.00	399,851.12	(339.12)	99.8780	399,512.00	400,076.70
BBG00BGXZ0C3	FEDERAL HOME LOAN BANKS	100,000.00	100,000.00	11/25/2020	AGCY BOND	100,100.00	100,039.00	(1,405.00)	98.6340	98,634.00	98,815.00
BBG00C9T8449	GOLDMAN SACHS GROUP INC	100,000.00	100,000.00	02/25/2021	CORP	103,603.00	102,752.15	(1,206.15)	101.5460	101,546.00	101,991.93
BBG00G4WLN14	JPMORGAN CHASE & CO	70,000.00	70,000.00	03/09/2021	CORP	69,769.00	69,777.91	(114.61)	99.5190	69,663.30	69,805.20
BBG00627QXX1	GOLDMAN SACHS GROUP INC	35,000.00	35,000.00	03/15/2021	CORP	35,201.25	35,152.36	(152.71)	99.9990	34,999.65	35,054.89
BBG00KVVQFJ9	HSBC HOLDINGS PLC	250,000.00	250,000.00	05/18/2021	CORP	250,537.50	250,369.85	(4,079.85)	98.5160	246,290.00	247,257.50
BBG00CZNM2D2	FEDERAL NATIONAL MORTGAGE ASSOCIATION	350,000.00	350,000.00	06/14/2021	AGCY BOND	350,000.00	350,000.00	(7,892.50)	97.7450	342,107.50	342,405.00
BBG00DL99TD1	FEDERAL NATIONAL MORTGAGE ASSOCIATION	275,000.00	275,000.00	08/24/2021	AGCY BOND	275,000.00	275,000.00	(7,928.25)	97.1170	267,071.75	268,623.97
BBG00DGPQF42	FEDERAL HOME LOAN MORTGAGE CORP	200,000.00	200,000.00	08/25/2021	AGCY BOND	200,000.00	200,000.00	(4,486.00)	97.7570	195,514.00	196,690.00
BBG00GSNHNX8	FEDERAL HOME LOAN MORTGAGE CORP	250,000.00	250,000.00	06/29/2022	AGCY BOND	250,000.00	250,000.00	(4,045.00)	98.3820	245,955.00	245,984.86
---	---	<b>3,097,653.04</b>	<b>3,097,653.04</b>	<b>10/25/2020</b>	<b>---</b>	<b>5,399,414.12</b>	<b>5,390,571.90</b>	<b>(215,560.78)</b>	<b>78.7273</b>	<b>5,175,011.12</b>	<b>5,186,287.22</b>

\* Weighted by: Market Value + Accrued, except Book Yield by Base Book Value + Accrued

\* Holdings Displayed by: Position