

State of California

**Agent Multiple-Employer
Defined Benefit Other Postemployment
Benefits (OPEB) Plans**

**Schedule of OPEB Pay-As-You-Go Contributions,
Schedule of OPEB Prefunding Contributions,
Schedule of Retiree Headcount,
and Schedule of OPEB Amounts**

For the Fiscal Year Ended June 30, 2018



Prepared by
The Office of the State Controller

BETTY T. YEE
California State Controller's Office

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Introductory Section

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BETTY T. YEE

California State Controller

January 27, 2020

To State Entities and their External Auditors:

I am pleased to submit the Report on the *Schedule of OPEB Pay-As-You-Go Contributions, Schedule of OPEB Prefunding Contributions by Valuation Group, Schedule of Retiree Headcount by Valuation Group, and Schedule of OPEB Amounts by Valuation Group* (schedules) for the agent multiple-employer defined benefit Other Postemployment Benefit (OPEB) plans of the State of California as of and for the fiscal year ended June 30, 2018. This report provides certain state entities and their external auditors with supporting information related to Governmental Accounting Standards Board Statement No. 75 (GASB No. 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended by certain elements of GASB Statement No. 85, *Omnibus 2017*.

The State Controller's Office is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America. The report provides users with reasonable assurance that the OPEB information presented in the schedules is fairly stated in accordance with GASB No. 75, as amended.

The information contained in this report is solely for the use of certain state entities and their external auditors and is not intended to be, and should not be, used by anyone other than those specified parties. However, under the Brown Act of 1953, the report is a matter of public record.

Sincerely,

Original signed by

BETTY T. YEE

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Independent Auditor's Opinion



Independent Auditor's Report

THE LEGISLATURE OF THE STATE OF CALIFORNIA
AND THE CALIFORNIA STATE CONTROLLER'S OFFICE

We have audited the accompanying Schedule of Other Postemployment Benefits (OPEB) Pay-As-You-Go Contributions, Schedule of OPEB Prefunding Contributions by Valuation Group, and Schedule of Retiree Headcount by Valuation Group for the OPEB plans (the plans) of the State of California as of and for the year ended June 30, 2018, and the related notes. We have also audited the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and total OPEB expense included in the accompanying Schedule of OPEB Amounts by Valuation Group for the plans as of and for the year ended June 30, 2018, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the OPEB pay-as-you-go contributions, the OPEB prefunding contributions, the retiree headcount, the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and total OPEB expense for the plans as of and for the year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the State of California as of and for the year ended June 30, 2018, and our report thereon, dated May 29, 2019, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the California State Controller's Office; Gabriel, Roeder, Smith & Company; the plans' employers and their auditors and is not intended to be, and should not be, used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2019 on our consideration of the State of California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the fiscal year ended June 30, 2018. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

CALIFORNIA STATE AUDITOR

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

Michael S. Tilden, CPA
Deputy State Auditor

Sacramento, CA

January 27, 2020

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Schedule of OPEB Pay-As-You-Go Contributions

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Schedule of OPEB Pay-As-You-Go Contributions

For the Year Ended June 30, 2018

(amounts in thousands)

Total OPEB Pay-As-You-Go Contributions, excluding the California State University	\$ <u>1,893,417</u>
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Schedules by Valuation Group

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Schedule of OPEB Prefunding Contributions by Valuation Group¹

For the Year Ended June 30, 2018
(amounts in thousands)

Valuation Group	Prefunding Contributions ²
Attorneys and Hearing Officers (BU2)	\$ 3,165
Protective Services and Public Safety (BU7)	\$ 5,716
Professional Engineers (BU9)	\$ 5,688
Professional Scientific (BU10)	\$ 1,872
Craft and Maintenance (BU12)	\$ 8,280

¹ This schedule includes only selected valuation groups that have accumulated prefunding assets in separate accounts by valuation group in the California Employers' Retiree Benefit Trust Fund (CERBTF), as of June 30, 2018.

² This schedule reports the employer portion only of the prefunding contributions reported by CalPERS in its audited *Schedule of Changes in Fiduciary Net Position, by Employer as of June 30, 2018*.

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Schedule of Retiree Headcount by Valuation Group

As of June 30, 2018

Valuation Group	Retiree Headcount
Professional, Administrative, Financial, and Staff Services (BU1)	40,981
Attorneys and Hearing Officers (BU2)	2,599
Office and Allied (BU4)	17,442
Protective Services and Public Safety (BU7)	6,226
Professional Engineers (BU9)	7,174
Professional Scientific (BU10)	1,960
Engineering and Scientific Technicians (BU11)	2,030
Craft and Maintenance (BU12)	10,256
Printing and Allied Trades (BU14)	511
Allied Services (BU15)	3,364
Exempt/Excluded/Executive	4,396

Schedule of OPEB Amounts by Valuation Group

As of and For the Year Ended June 30, 2018

(amounts in thousands)

	Valuation Group	
	Professional, Administrative, Financial, and Staff Services (BU1)	Attorneys and Hearing Officers (BU2)
Net OPEB Liability, as of June 30, 2017	\$ 19,866,775	\$ 1,216,947 *
Net OPEB Liability, as of June 30, 2018	18,620,576	1,139,551
Increase (decrease) in the Net OPEB Liability	\$ (1,246,199)	\$ (77,396)
Deferred Outflows of Resources: ^{1,2}		
Net differences between projected and actual earnings on OPEB plan investments ⁴	\$ —	\$ 53
Total Deferred Outflows of Resources	\$ —	\$ 53
Deferred Inflows of Resources: ²		
Differences between expected and actual experience ³	\$ 1,336,527	\$ 78,734
Changes in assumptions ³	2,193,286	128,514
Net differences between projected and actual earnings on OPEB plan investments ⁴	—	—
Total Deferred Inflows of Resources	\$ 3,529,813	\$ 207,248
Total OPEB Expense	\$ 880,527	\$ 58,781
Average Expected Remaining Service Life ³	7.47	7.21
Blended Discount Rate, as of June 30, 2018	3.991%	4.072%

* The fiduciary net position as of June 30, 2017 for the valuation group was restated.

¹ This schedule does not include deferred outflows of resources for employer contributions made subsequent to the measurement date.

² This schedule does not include deferred outflows and inflows of resources for changes in the employers' proportionate share based on OPEB Contributions.

³ Deferred inflows of resources related to differences between expected and actual experience and changes in assumptions are amortized over closed periods equal to the average expected remaining service lives for members of each valuation group.

⁴ Deferred outflows and inflows of resources related to differences between projected and actual earnings on OPEB plan investments are netted and amortized over a closed five-year period.

Office and Allied (BU4)	Protective Services and Public Safety (BU7)	Professional Engineers (BU9)	Professional Scientific (BU10)	Engineering and Scientific Technicians (BU11)	Craft and Maintenance (BU12)
\$ 6,125,628	\$ 3,103,399	* \$ 4,363,558	\$ 1,010,779	\$ 860,177	\$ 4,307,644
5,569,053	2,925,585	4,045,497	956,216	788,177	3,966,255
<u>\$ (556,575)</u>	<u>\$ (177,814)</u>	<u>\$ (318,061)</u>	<u>\$ (54,563)</u>	<u>\$ (72,000)</u>	<u>\$ (341,389)</u>
\$ —	\$ 51	\$ —	\$ —	\$ —	\$ 63
<u>\$ —</u>	<u>\$ 51</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 63</u>
\$ 597,572	\$ 209,747	\$ 280,242	\$ 58,069	\$ 65,259	\$ 301,220
593,718	289,252	482,169	113,980	81,822	423,061
—	—	1,122	238	—	—
<u>\$ 1,191,290</u>	<u>\$ 498,999</u>	<u>\$ 763,533</u>	<u>\$ 172,287</u>	<u>\$ 147,081</u>	<u>\$ 724,281</u>
<u>\$ 278,350</u>	<u>\$ 119,440</u>	<u>\$ 141,686</u>	<u>\$ 51,242</u>	<u>\$ 25,986</u>	<u>\$ 148,895</u>
<u>6.90</u>	<u>6.41</u>	<u>6.29</u>	<u>7.97</u>	<u>5.82</u>	<u>6.13</u>
<u>4.033%</u>	<u>4.066%</u>	<u>3.953%</u>	<u>4.084%</u>	<u>3.926%</u>	<u>4.010%</u>

Schedule of OPEB Amounts by Valuation Group (continued)

As of and For the Year Ended June 30, 2018
(amounts in thousands)

	Valuation Group	
	Printing and Allied Trades (BU14)	Allied Services (BU15)
Net OPEB Liability, as of June 30, 2017	\$ 179,209	\$ 1,243,228
Net OPEB Liability, as of June 30, 2018	161,927	1,146,897
Increase (decrease) in the Net OPEB Liability	<u>\$ (17,282)</u>	<u>\$ (96,331)</u>
Deferred Outflows of Resources: ^{1,2}		
Net differences between projected and actual earnings on OPEB plan investments ⁴	\$ —	\$ —
Total Deferred Outflows of Resources	<u>\$ —</u>	<u>\$ —</u>
Deferred Inflows of Resources: ²		
Differences between expected and actual experience ³	\$ 13,194	\$ 112,614
Changes in assumptions ³	14,602	126,733
Net differences between projected and actual earnings on OPEB plan investments ⁴	—	—
Total Deferred Inflows of Resources	<u>\$ 27,796</u>	<u>\$ 239,347</u>
Total OPEB Expense	<u>\$ 2,108</u>	<u>\$ 67,087</u>
Average Expected Remaining Service Life ³	<u>4.46</u>	<u>7.00</u>
Blended Discount Rate, as of June 30, 2018	<u>3.885%</u>	<u>4.058%</u>

¹ This schedule does not include deferred outflows of resources for employer contributions made subsequent to the measurement date.

² This schedule does not include deferred outflows and inflows of resources for changes in the employers' proportionate share based on OPEB Contributions.

³ Deferred inflows of resources related to differences between expected and actual experience and changes in assumptions are amortized over closed periods equal to the average expected remaining service lives for members of each valuation group.

⁴ Deferred outflows and inflows of resources related to differences between projected and actual earnings on OPEB plan investments are netted and amortized over a closed five-year period.

Exempt/ Excluded/ Executive	
\$	2,091,045
	1,977,155
\$	(113,890)
<hr/>	
\$	—
\$	—
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\$	124,620
	245,143
	—
\$	369,763
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\$	80,504
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	7.19
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	3.620%
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	(concluded)
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Notes to the Schedules

Notes to the Schedules

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State of California provides medical and prescription drug benefits to retired state employees and dependents through CalPERS under the Public Employees' Medical and Hospital Care Act, and dental benefits under the State Employees' Dental Care Act. The State, and certain bargaining units and judicial employees (valuation groups) have agreed to prefund retiree healthcare benefits. Assets are held in separate accounts by valuation group within the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit other postemployment benefits plan administered by CalPERS. Assets within each valuation group benefit retirees and dependents associated with that valuation group.

The Schedule of OPEB Pay-As-You-Go Contributions presents the State's total pay-as-you-go costs, excluding the California State University valuation group. The Schedule of OPEB Prefunding Contributions by Valuation Group and the Schedule of OPEB Amounts by Valuation Group, which together with the Schedule of OPEB Pay-As-You-Go Contributions are referred to hereafter as schedules, present selected information for some of the State's 25 valuation groups. Accordingly, the information contained in the schedules does not purport to be a complete presentation of the fiduciary net position or the changes in fiduciary net position of all valuation groups. The schedules are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such preparation requires the California State Controller's Office to make a number of estimates and assumptions related to the reported amounts and disclosures. Due to the inherent nature of these estimates, actual results could differ.

The Schedule of OPEB Amounts by Valuation Group does not include the following entity-specific OPEB amounts that may need to be recognized in accordance with GASB Statement No. 75: (1) deferred outflows of resources for employer contributions made subsequent to the measurement date, and (2) deferred outflows and inflows of resources for changes in the employers' proportionate share based on OPEB contributions.

NOTE 2: OPEB CONTRIBUTIONS

The Schedule of OPEB Pay-As-You-Go Contributions and the Schedule of OPEB Prefunding Contributions by Valuation Group are prepared to provide state entities with information on OPEB employer contribution amounts. The Schedule of Retiree Headcount by Valuation Group is used to determine the distribution percentages for the pay-as-you-go contributions by valuation group. These amounts are used to calculate each state entity's proportionate share of OPEB amounts.

NOTE 3: NET OPEB LIABILITY

The following table shows the components of the net OPEB liability by valuation group as of June 30, 2018 (amounts in thousands):

Valuation Group	Total OPEB Liability	Less: Fiduciary Net Position	Net OPEB Liability
Professional, Administrative, Financial, and Staff Services (BU1)	\$ 18,620,576	\$ —	\$ 18,620,576
Attorneys and Hearing Officers (BU2)	1,157,694	(18,143)	1,139,551
Office and Allied (BU4)	5,569,053	—	5,569,053
Protective Services and Public Safety (BU7)	2,967,280	(41,695)	2,925,585
Professional Engineers (BU9)	4,098,926	(53,429)	4,045,497
Professional Scientific (BU10)	969,671	(13,455)	956,216
Engineering and Scientific Technicians (BU11)	788,177	—	788,177
Craft and Maintenance (BU12)	3,994,063	(27,808)	3,966,255
Printing and Allied Trades (BU14)	161,927	—	161,927
Allied Services (BU15)	1,146,897	—	1,146,897
Exempt/Excluded/Executive	1,977,155	—	1,977,155

Detailed information about the state plans' fiduciary net position is available in a separate report issued by the California Public Employees' Retirement System (CalPERS) at www.CalPERS.ca.gov.

NOTE 4: ACTUARIAL METHODS AND ASSUMPTIONS

For the measurement period ended June 30, 2018 (the measurement date), the total OPEB liability was based on the following actuarial methods and assumptions:

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry age normal in accordance with the requirements of GASB Statement No. 75
Actuarial Assumptions	
Discount Rate:	Blended rate for each valuation group, consisting of 7.00% when assets are available to pay benefits, otherwise 20-year Municipal G.O. Bond AA Index rate of 3.62%
Inflation:	2.50%
Salary Increases:	Varies by entry age and service
Investment Rate of Return:	7.00%, net of OPEB plan investment expenses but without reduction for OPEB plan administrative expenses.
Healthcare Cost Trend Rates:	<i>Pre-Medicare coverage:</i> Actual rates for 2019, increasing to 7.50% in 2020, then decreasing 0.50% per year to an ultimate rate of 4.50% for 2026 and later years <i>Post-Medicare coverage:</i> Actual rates for 2019, increasing to 8.00% in 2020, then decreasing 0.50% per year to an ultimate rate of 4.50% for 2027 and later years <i>Dental coverage:</i> 0.26% in 2019 and 4.50% thereafter
Mortality Rate Table:	Derived using CalPERS' membership data for all members

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries 90% Scale MP 2016. For more details on this table, refer to the 2017 *CalPERS Experience Study and Review of Actuarial Assumptions* report (Experience Study) for the period from 1997 to 2015. Other demographic assumptions used in the June 30, 2018 valuation were also based on the results of the Experience Study, including updates to termination, disability, and retirement rates. The Experience Study report is available at www.CalPERS.ca.gov.

Healthcare related assumptions such as plan participation, aging factors, adjustments for disabled members, and adjustments for children of current retirees and survivors are based on the 2015 experience study performed by Gabriel, Roeder, Smith and Company (GRS) for the period from 2007 to 2014. Other healthcare assumptions such as member healthcare plan selection, coverage and continuance, select and ultimate healthcare cost trend rates, and per capita claim costs and expenses, are based on the most current information available. To obtain a copy of the GRS experience study email the State Controller's Office, State Accounting and Reporting Division, at StateGovReports@sco.ca.gov.

NOTE 5: DISCOUNT RATE

The blended rates used to measure the June 30, 2018 total OPEB liability consists of the 20-year Municipal G.O. Bond AA Index rate of 3.62% as of June 30, 2018, as reported by Fidelity, when prefunding assets are not available to pay benefits, and 7.00% when prefunding assets are available to pay benefits. The cash flow projections used to calculate the blended discount rates were developed assuming that prefunding agreements in which actuarially determined normal costs are shared between employees and the State will continue and that the required contributions will be made on time and as scheduled in future years. The prefunding agreements are subject to collective bargaining and legislative approval. Detailed information on the blended discount rates by valuation group is available in the *State of California Retiree Health Benefits Program GASB Nos. 74 and 75 Actuarial Valuation Report as of June 30, 2018*, on the State Controller's Office website, at www.SCO.ca.gov.

The long-term expected rate of return on OPEB plan investments was determined by Gabriel, Roeder, Smith & Company using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. Expected compound (geometric) returns were calculated over a closed period. Based on separate expected nominal returns for the short-term (first 10 years) and the long-term (11+ years), a single expected return rate of 7.00% was calculated for the combined short-term and long-term periods. If applied to expected cash flows during that period, the resulting present value of benefits is expected to be consistent with the present value of benefits that would be determined by applying the short and long-term expected rates to the same cash flows.

The following table reflects the long-term expected real rate of return by asset class.

Asset Class	Target Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	59.0 %	4.80 %	5.98 %
Fixed Income	25.0	1.10	2.62
Treasury Inflation-Protected Securities	5.0	0.25	1.46
Real Estate Investment Trusts	8.0	3.50	5.00
Commodities	3.0	1.50	2.87

Source: CalPERS

The Real Return Years 1-10 used an expected inflation rate of 2.00% for this period. The Real Return Years 11+ used an expected inflation rate of 2.92% for this period.

In the fiscal year 2017-18, the blended discount rates used in the actuarial assumptions changed from the prior year. Please refer to the prior year report on the State Controller's Office website.

NOTE 6: OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB VALUATION GROUPS

The table below presents deferred outflows and inflows of resources related to valuation groups as of June 30, 2018. Deferred outflows and inflows of resources are recognized for changes in assumptions and the difference between expected and actual experience. Net deferred outflows and inflows of resources are recognized for the aggregate difference (positive and negative) between projected and actual earnings on OPEB plan investments arising in different measurement periods. Deferred outflows of resources due to employer contributions made subsequent to the measurement date, and deferred outflows and inflows of resources for changes in the employers' proportionate share are not presented in the table below (amounts in thousands):

Description	Professional, Administrative, Financial, and Staff Services (BU1)	Attorneys and Hearing Officers (BU2)	Office and Allied (BU4)	Protective Services and Public Safety (BU7)	Professional Engineers (BU9)
Deferred Outflows of Resources	\$ —	\$ 53	\$ —	\$ 51	\$ —
Deferred Inflows of Resources	3,529,813	207,248	1,191,290	498,999	763,533

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as either a debit or a (credit) in the future as follows (amounts in thousands):

Measurement Periods	Professional, Administrative, Financial, and Staff Services (BU1)	Attorneys and Hearing Officers (BU2)	Office and Allied (BU4)	Protective Services and Public Safety (BU7)	Professional Engineers (BU9)
Year Ended June 30,					
2019	\$ (611,533)	\$ (37,303)	\$ (219,061)	\$ (105,312)	\$ (166,431)
2020	(611,533)	(37,303)	(219,061)	(105,312)	(166,431)
2021	(611,533)	(37,303)	(219,061)	(105,312)	(166,433)
2022	(611,533)	(37,302)	(219,061)	(105,313)	(154,532)
2023	(611,533)	(34,228)	(199,203)	(57,208)	(84,805)
Thereafter	(472,148)	(23,756)	(115,843)	(20,491)	(24,901)
Total	\$ (3,529,813)	\$ (207,195)	\$ (1,191,290)	\$ (498,948)	\$ (763,533)

Professional Scientific (BU10)	Engineering and Scientific Technicians (BU11)	Craft and Maintenance (BU12)	Printing and Allied Trades (BU14)	Allied Services (BU15)	Exempt/ Excluded/ Executive
\$ —	\$ —	\$ 63	\$ —	\$ —	\$ —
172,287	147,081	724,281	27,796	239,347	369,763

Professional Scientific (BU10)	Engineering and Scientific Technicians (BU11)	Craft and Maintenance (BU12)	Printing and Allied Trades (BU14)	Allied Services (BU15)	Exempt/ Excluded/ Executive
\$ (27,933)	\$ (33,529)	\$ (160,975)	\$ (9,487)	\$ (43,685)	\$ (67,259)
(27,933)	(33,529)	(160,975)	(9,487)	(43,685)	(67,259)
(27,931)	(33,529)	(160,977)	(6,415)	(43,685)	(67,259)
(27,849)	(31,251)	(143,910)	(2,407)	(43,685)	(67,259)
(27,852)	(15,243)	(85,815)	—	(39,365)	(65,701)
(32,789)	—	(11,566)	—	(25,242)	(35,026)
<u>\$ (172,287)</u>	<u>\$ (147,081)</u>	<u>\$ (724,218)</u>	<u>\$ (27,796)</u>	<u>\$ (239,347)</u>	<u>\$ (369,763)</u>

For the fiscal year ended June 30, 2018, the amounts recognized as components of OPEB expense for each valuation group were as follows (amounts in thousands):

Description	Professional, Administrative, Financial, and Staff Services (BU1)	Attorneys and Hearing Officers (BU2)	Office and Allied (BU4)	Protective Services and Public Safety (BU7)
Service Cost.....	\$ 696,561	\$ 49,771	\$ 248,121	\$ 106,547
Interest on the Total OPEB Liability.....	795,499	50,488	249,290	126,344
Recognized Differences between Expected and Actual Experience	(206,452)	(12,685)	(101,364)	(38,791)
Recognized Changes of Assumptions ...	(405,081)	(24,631)	(117,697)	(66,534)
Employee Contributions	—	(3,165)	—	(5,716)
Projected Earnings on OPEB Plan Investments.....	—	(1,017)	—	(2,440)
Recognized Differences between Projected and Actual Earnings on Plan Investments.....	—	13	—	13
Administrative Expense.....	—	7	—	17
Total OPEB Expense	\$ 880,527	\$ 58,781	\$ 278,350	\$ 119,440

Professional Engineers (BU9)	Professional Scientific (BU10)	Engineering and Scientific Technicians (BU11)	Craft and Maintenance (BU12)	Printing and Allied Trades (BU14)	Allied Services (BU15)	Exempt/ Excluded/ Executive
\$ 142,954	\$ 39,944	\$ 25,769	\$ 146,732	\$ 4,693	\$ 59,602	\$ 71,649
174,062	41,883	33,746	172,744	6,902	51,170	76,114
(52,940)	(8,337)	(13,543)	(58,663)	(3,815)	(18,762)	(20,138)
(113,118)	(19,515)	(19,986)	(102,315)	(5,672)	(24,923)	(47,121)
(5,688)	(1,872)	—	(8,280)	—	—	—
(3,233)	(786)	—	(1,335)	—	—	—
(373)	(81)	—	3	—	—	—
22	6	—	9	—	—	—
\$ 141,686	\$ 51,242	\$ 25,986	\$ 148,895	\$ 2,108	\$ 67,087	\$ 80,504

NOTE 7: SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the net OPEB liability of the valuation groups as of the measurement date, calculated using the blended discount rate for each valuation group as presented in the Schedule of OPEB Amounts by Valuation Group, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate (amounts in thousands):

Valuation Group	Net OPEB Liability		
	Blended Discount Rate -1%	Blended Discount Rate	Blended Discount Rate +1%
Professional, Administrative, Financial, and Staff Services (BU1)	\$ 21,990,216	\$ 18,620,576	\$ 15,933,245
Attorneys and Hearing Officers (BU2)	1,335,619	1,139,551	981,552
Office and Allied (BU4)	6,509,119	5,569,053	4,813,747
Protective Services and Public Safety (BU7)	3,472,238	2,925,585	2,494,169
Professional Engineers (BU9)	4,768,695	4,045,497	3,466,633
Professional Scientific (BU10)	1,127,676	956,216	819,061
Engineering and Scientific Technicians (BU11)	918,416	788,177	683,374
Craft and Maintenance (BU12)	4,639,054	3,966,255	3,426,534
Printing and Allied Trades (BU14)	187,901	161,927	140,945
Allied Services (BU15)	1,344,795	1,146,897	988,507
Exempt/Excluded/Executive	2,333,244	1,977,155	1,693,906

NOTE 8: SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following table presents the net OPEB liability of the valuation groups as of the measurement date, calculated using the select and ultimate healthcare cost trend rates presented in Note 4, Actuarial Methods and Assumptions, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the healthcare cost trend rates presented in Note 4 (amounts in thousands):

Valuation Group	Net OPEB Liability		
	Healthcare Cost Trend Rates	Healthcare Cost Trend Rates	Healthcare Cost Trend Rates
	-1%		+1%
Professional, Administrative, Financial, and Staff Services (BU1).....	\$ 16,221,215	\$ 18,620,576	\$ 21,698,385
Attorneys and Hearing Officers (BU2).....	998,562	1,139,551	1,317,535
Office and Allied (BU4).....	4,901,898	5,569,053	6,415,205
Protective Services and Public Safety (BU7).....	2,537,599	2,925,585	3,423,507
Professional Engineers (BU9).....	3,529,470	4,045,497	4,700,881
Professional Scientific (BU10).....	832,924	956,216	1,114,047
Engineering and Scientific Technicians (BU11).....	697,120	788,177	902,472
Craft and Maintenance (BU12).....	3,492,470	3,966,255	4,562,862
Printing and Allied Trades (BU14).....	143,891	161,927	184,458
Allied Services (BU15).....	1,004,504	1,146,897	1,327,700
Exempt/Excluded/Executive.....	1,727,067	1,977,155	2,296,860



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