

# STATE OF CALIFORNIA

## Agent Multiple-Employer Defined Benefit Other Postemployment Benefits (OPEB) Plan

### Schedule of Pensionable Compensation and Schedule of OPEB Amounts

For the Fiscal Year Ended  
June 30, 2017



*Prepared by  
The Office of the State Controller*

**BETTY T. YEE**  
California State Controller



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# Introductory Section

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# BETTY T. YEE

## California State Controller

January 29, 2019

To State Entities and their External Auditors:

I am pleased to submit the Report on the *Schedule of Pensionable Compensation by Valuation Group and the Schedule of OPEB Amounts by Valuation Group* (schedules) for the following agent multiple-employer defined benefit Other Postemployment Benefit (OPEB) plan of the State of California for the fiscal year ended June 30, 2017. 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

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# *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 Pensionable Compensation by Valuation Group for the Other Postemployment Benefits (OPEB) plan of the State of California for the year ended June 30, 2017 and the related notes. We have also audited the net OPEB liability as of June 30, 2016; 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 as of and for the year ended June 30, 2017, 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, pensionable compensation for the year ended June 30, 2017; net OPEB liability as of June 30, 2016; net OPEB liability, deferred outflows of resources, deferred inflows of resources, and total OPEB expense as of and for the year ended June 30, 2017, 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, 2017, and our report thereon, dated March 21, 2018, 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 plan's 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 March 21, 2018 on our consideration of the State'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, 2017. The purpose of that report is 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 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



MICHAEL S. TILDEN, CPA  
Deputy State Auditor

Sacramento, CA

January 29, 2019

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# Schedules by Valuation Group



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## Schedule of Pensionable Compensation by Valuation Group

For the Year Ended June 30, 2017

(amounts in thousands)

Valuation Group	Pensionable Compensation
Professional, Administrative, Financial, and Staff Services (BU1).....	\$ 4,272,906
Attorneys and Hearing Officers (BU2).....	\$ 495,300
Office and Allied (BU4).....	\$ 890,150
Protective Services and Public Safety (BU7) .....	\$ 512,857
Professional Engineers (BU9).....	\$ 1,366,302
Professional Scientific (BU10) .....	\$ 306,956
Engineering and Scientific Technicians (BU11).....	\$ 121,481
Craft and Maintenance (BU12).....	\$ 627,283
Printing and Allied Trades (BU14) .....	\$ 21,947
Allied Services (BU15).....	\$ 176,135
Exempt/Excluded/Executive.....	\$ 476,466

## Schedule of OPEB Amounts by Valuation Group

As of and For the Year Ended June 30, 2017

(amounts in thousands)

	Valuation Group	
	Professional, Administrative, Financial, and Staff Services (BU1)	Attorneys and Hearing Officers (BU2)
Net OPEB Liability, as of June 30, 2016.....	\$ 20,911,899	\$ 1,273,480
Net OPEB Liability, as of June 30, 2017.....	19,866,775	1,227,816
Increase (decrease) in the Net OPEB Liability .....	<u>\$ (1,045,124)</u>	<u>\$ (45,664)</u>
<b>Deferred Outflows of Resources:</b> <sup>1,2</sup>		
Differences between expected and actual experience <sup>3</sup> .....	\$ —	\$ —
Changes in assumptions <sup>3</sup> .....	—	—
Net differences between projected and actual earnings on OPEB plan investments <sup>4</sup> .....	—	—
<b>Total Deferred Outflows of Resources</b> .....	<u>\$ —</u>	<u>\$ —</u>
<b>Deferred Inflows of Resources:</b> <sup>2</sup>		
Differences between expected and actual experience <sup>3</sup> .....	\$ —	\$ —
Changes in assumptions <sup>3</sup> .....	1,843,477	102,716
Net differences between projected and actual earnings on OPEB plan investments <sup>4</sup> .....	—	—
<b>Total Deferred Inflows of Resources</b> .....	<u>\$ 1,843,477</u>	<u>\$ 102,716</u>
<b>Total OPEB Expense</b> .....	<u>\$ 1,210,995</u>	<u>\$ 83,873</u>
<b>Average Expected Remaining Service Life</b> <sup>3</sup> .....	<u>7.06</u>	<u>6.82</u>
<b>Blended Discount Rate, as of June 30, 2017</b> .....	<u>3.910%</u>	<u>3.996%</u>

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

<sup>2</sup> This schedule does not include deferred outflows and inflows of resources for changes in the employers' proportionate share based on pensionable compensation.

<sup>3</sup> Deferred outflows and 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.

<sup>4</sup> 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.



<b>Office and Allied (BU4)</b>	<b>Protective Services and Public Safety (BU7)</b>	<b>Professional Engineers (BU9)</b>	<b>Professional Scientific (BU10)</b>	<b>Engineering and Scientific Technicians (BU11)</b>	<b>Craft and Maintenance (BU12)</b>
\$ 6,380,830	\$ 3,301,789	\$ 4,640,159	\$ 1,060,929	\$ 909,575	\$ 4,533,765
6,125,628	3,131,303	4,363,558	1,010,779	860,177	4,307,644
<b>\$ (255,202)</b>	<b>\$ (170,486)</b>	<b>\$ (276,601)</b>	<b>\$ (50,150)</b>	<b>\$ (49,398)</b>	<b>\$ (226,121)</b>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
518,198	281,817	394,738	89,764	72,262	358,803
—	—	1,481	342	—	217
<b>\$ 518,198</b>	<b>\$ 281,817</b>	<b>\$ 396,219</b>	<b>\$ 90,106</b>	<b>\$ 72,262</b>	<b>\$ 359,020</b>
<b>\$ 414,834</b>	<b>\$ 181,405</b>	<b>\$ 237,277</b>	<b>\$ 68,608</b>	<b>\$ 44,912</b>	<b>\$ 244,835</b>
<b>6.78</b>	<b>6.12</b>	<b>5.86</b>	<b>7.40</b>	<b>5.85</b>	<b>5.77</b>
<b>3.961%</b>	<b>3.947%</b>	<b>3.866%</b>	<b>3.993%</b>	<b>3.859%</b>	<b>3.920%</b>

(continued)

## Schedule of OPEB Amounts by Valuation Group (continued)

As of and For the Year Ended June 30, 2017

(amounts in thousands)

	Valuation Group	
	Printing and Allied Trades (BU14)	Allied Services (BU15)
Net OPEB Liability, as of June 30, 2016.....	\$ 190,845	\$ 1,284,629
Net OPEB Liability, as of June 30, 2017.....	179,209	1,243,228
Increase (decrease) in the Net OPEB Liability .....	<u>\$ (11,636)</u>	<u>\$ (41,401)</u>
<b>Deferred Outflows of Resources:</b> <sup>1,2</sup>		
Differences between expected and actual experience <sup>3</sup> .....	\$ —	\$ —
Changes in assumptions <sup>3</sup> .....	—	—
Net differences between projected and actual earnings on OPEB plan investments <sup>4</sup> .....	—	—
<b>Total Deferred Outflows of Resources</b> .....	<u>\$ —</u>	<u>\$ —</u>
<b>Deferred Inflows of Resources:</b> <sup>2</sup>		
Differences between expected and actual experience <sup>3</sup> .....	\$ —	\$ —
Changes in assumptions <sup>3</sup> .....	13,860	106,650
Net differences between projected and actual earnings on OPEB plan investments <sup>4</sup> .....	—	—
<b>Total Deferred Inflows of Resources</b> .....	<u>\$ 13,860</u>	<u>\$ 106,650</u>
<b>Total OPEB Expense</b> .....	<u>\$ 7,341</u>	<u>\$ 94,168</u>
<b>Average Expected Remaining Service Life</b> <sup>3</sup> .....	<u>4.27</u>	<u>6.77</u>
<b>Blended Discount Rate, as of June 30, 2017</b> .....	<u>3.809%</u>	<u>3.974%</u>

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

<sup>2</sup> This schedule does not include deferred outflows and inflows of resources for changes in the employers' proportionate share based on pensionable compensation.

<sup>3</sup> Deferred outflows and 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.

<sup>4</sup> 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.

<u>Exempt/ Excluded/ Executive</u>	
\$	2,249,404
	2,091,045
<b>\$</b>	<b>(158,359)</b>
<hr/>	
\$	—
	—
	—
<b>\$</b>	<b>—</b>
<hr/>	
\$	—
	225,141
	—
<b>\$</b>	<b>225,141</b>
<hr/>	
<b>\$</b>	<b>113,489</b>
<hr/>	
	<b>6.96</b>
<hr/>	
	<b>3.560%</b>
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	(concluded)
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# Notes to the Schedules

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## 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 Pensionable Compensation by Valuation Group and the Schedule of OPEB Amounts by Valuation Group (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 of pensionable compensation.

### **NOTE 2: PENSIONABLE COMPENSATION**

The Schedule of Pensionable Compensation by Valuation Group is prepared to provide state entities with the total pensionable compensation amounts. These amounts are used to calculate each state entity's proportionate share of OPEB amounts. The Schedule of Pensionable Compensation by Valuation Group and the Schedule of OPEB Amounts by Valuation Group have the same measurement period of July 1, 2016, through June 30, 2017.

**NOTE 3: NET OPEB LIABILITY**

The following table shows the components of the net OPEB liability by valuation group as of June 30, 2017 (amounts in thousands):

Valuation Group	Total OPEB Liability	Less: Fiduciary Net Position	Net OPEB Liability
Professional, Administrative, Financial, and Staff Services (BU1) .....	\$ 19,866,775	\$ —	\$ 19,866,775
Attorneys and Hearing Officers (BU2) .....	1,227,816	—	1,227,816
Office and Allied (BU4) .....	6,125,628	—	6,125,628
Protective Services and Public Safety (BU7) .....	3,131,303	—	3,131,303
Professional Engineers (BU9) .....	4,402,387	(38,829)	4,363,558
Professional Scientific (BU10) .....	1,019,733	(8,954)	1,010,779
Engineering and Scientific Technicians (BU11) .....	860,177	—	860,177
Craft and Maintenance (BU12) .....	4,317,850	(10,206)	4,307,644
Printing and Allied Trades (BU14) .....	179,209	—	179,209
Allied Services (BU15) .....	1,243,228	—	1,243,228
Exempt/Excluded/Executive .....	2,091,045	—	2,091,045

Detailed information about the state plan's fiduciary net position is available in a separate report issued by the California Public Employees' Retirement System (CalPERS) at [www.CalPERS.ca.gov](http://www.CalPERS.ca.gov).

## NOTE 4: ACTUARIAL METHODS AND ASSUMPTIONS

For the measurement period ended June 30, 2017 (the measurement date), the total OPEB liability was determined using a June 30, 2017 valuation date. The June 30, 2016 beginning total OPEB liability was determined by rolling back the June 30, 2017 total OPEB liability. The June 30, 2017 total OPEB liability was based on the following actuarial methods and assumptions:

Valuation Date: June 30, 2017  
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 7.28% when assets are available to pay benefits, otherwise 20-year Municipal G.O. Bond AA Index rate of 3.56%

Inflation: 2.75%

Salary Increases: Varies by entry age and service

Investment Rate of Return: 7.28%, net of OPEB plan investment expenses

Healthcare Cost Trend Rates: *Pre-Medicare coverage:* Actual rates for 2018, increasing to 8.00% in 2019, decreasing 0.50% per year to an ultimate rate of 4.50% for 2026 and later years  
*Post-Medicare coverage:* Actual rates for 2018, increasing to 8.50% in 2019, decreasing 0.50% per year to an ultimate rate of 4.50% for 2027 and later years  
*Dental coverage:* 0.00% in 2018 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 20 years of mortality improvements using the Society of Actuaries Scale BB. For more details on this table, refer to the 2014 *CalPERS Experience Study and Review of Actuarial Assumptions* report (Experience Study) for the period from 1997 to 2011. Other demographic assumptions used in the June 30, 2017 valuation were also based on the results of the Experience Study, including updates to termination, disability, mortality assumptions, and retirement rates. The Experience Study report can be obtained from CalPERS' website, at [www.CalPERS.ca.gov](http://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 please email the State Controller's Office, State Accounting and Reporting Division, at [StateGovReports@sco.ca.gov](mailto:StateGovReports@sco.ca.gov).



**NOTE 5: DISCOUNT RATE**

The discount rate used to measure the total OPEB liability was based on a blended rate for each valuation group. The blended rate used to measure the June 30, 2016 total OPEB liability consists of the 20-Bond G.O. Index rate of 2.85% as of June 30, 2016, as reported by Bond Buyer Index (general obligation, 20 years to maturity, mixed quality), when prefunding assets are not available to pay benefits, and 7.28% when prefunding assets are available to pay benefits. The blended rate used to measure the June 30, 2017 total OPEB liability consists of the 20-year Municipal G.O. Bond AA Index rate of 3.56% as of June 30, 2017, as reported by Fidelity Index, when prefunding assets are not available to pay benefits, and 7.28% when prefunding assets are available to pay benefits. The cash flow projections used to calculate the blended discount rate 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, 2017*, on the State Controller's Office website, at [www.SCO.ca.gov](http://www.SCO.ca.gov).

The long-term expected rate of return on OPEB plan investments was determined by CalPERS 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 (11-60 years), a single expected return rate of 7.28% was calculated for years 1-60. 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 11-60
Global Equity .....	57.0 %	5.25 %	5.71 %
Global Fixed Income.....	27.0	1.79	2.40
Inflation Sensitive .....	5.0	1.00	2.25
Real Estate.....	8.0	3.25	7.88
Commodities .....	3.0	0.34	4.95

The Real Return Years 1-10 used an expected inflation rate of 2.50% for this period. The Real Return Years 11-60 used an expected inflation rate of 3.00% for this period.

**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, 2017. Deferred outflows and inflows of resources are recognized for changes in assumptions and the difference between expected and actual experience. Net deferred 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 of pensionable compensation 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 .....	\$ —	\$ —	\$ —	\$ —	\$ —
Deferred Inflows of Resources .....	1,843,477	102,716	518,198	281,817	396,219

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,					
2018 .....	\$ (304,076)	\$ (17,634)	\$ (89,676)	\$ (54,989)	\$ (81,624)
2019 .....	(304,076)	(17,634)	(89,676)	(54,989)	(81,624)
2020 .....	(304,076)	(17,634)	(89,676)	(54,989)	(81,624)
2021 .....	(304,076)	(17,634)	(89,676)	(54,989)	(81,621)
2022 .....	(304,076)	(17,634)	(89,676)	(54,989)	(69,726)
Thereafter .....	(323,097)	(14,546)	(69,818)	(6,872)	—
<b>Total .....</b>	<b>\$ (1,843,477)</b>	<b>\$ (102,716)</b>	<b>\$ (518,198)</b>	<b>\$ (281,817)</b>	<b>\$ (396,219)</b>

<b>Professional Scientific (BU10)</b>	<b>Engineering and Scientific Technicians (BU11)</b>	<b>Craft and Maintenance (BU12)</b>	<b>Printing and Allied Trades (BU14)</b>	<b>Allied Services (BU15)</b>	<b>Exempt/ Excluded/ Executive</b>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
90,106	72,262	359,020	13,860	106,650	225,141

<b>Professional Scientific (BU10)</b>	<b>Engineering and Scientific Technicians (BU11)</b>	<b>Craft and Maintenance (BU12)</b>	<b>Printing and Allied Trades (BU14)</b>	<b>Allied Services (BU15)</b>	<b>Exempt/ Excluded/ Executive</b>
\$ (14,111)	\$ (14,908)	\$ (75,218)	\$ (4,233)	\$ (18,495)	\$ (37,782)
(14,111)	(14,908)	(75,218)	(4,233)	(18,495)	(37,782)
(14,111)	(14,908)	(75,218)	(4,233)	(18,495)	(37,782)
(14,109)	(14,908)	(75,215)	(1,161)	(18,495)	(37,782)
(14,025)	(12,630)	(58,151)	—	(18,495)	(37,782)
(19,639)	—	—	—	(14,175)	(36,231)
<b>\$ (90,106)</b>	<b>\$ (72,262)</b>	<b>\$ (359,020)</b>	<b>\$ (13,860)</b>	<b>\$ (106,650)</b>	<b>\$ (225,141)</b>

For the fiscal year ended June 30, 2017, 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.....	\$ 805,786	\$ 56,706	\$ 283,067	\$ 123,030
Interest on the Total OPEB Liability.....	709,285	44,801	221,443	113,364
Changes in Benefit Terms .....	—	—	—	—
Recognized Differences between Expected and Actual Experience.....	—	—	—	—
Recognized Changes of Assumptions .....	(304,076)	(17,634)	(89,676)	(54,989)
Employee Contributions.....	—	—	—	—
Projected Earnings on OPEB Plan Investments .....	—	—	—	—
Recognized Differences between Projected and Actual Earnings on Plan Investments .....	—	—	—	—
Administrative Expense .....	—	—	—	—
Other Miscellaneous Income.....	—	—	—	—
<b>Total OPEB Expense .....</b>	<b>\$ 1,210,995</b>	<b>\$ 83,873</b>	<b>\$ 414,834</b>	<b>\$ 181,405</b>

<b>Professional Engineers (BU9)</b>	<b>Professional Scientific (BU10)</b>	<b>Engineering and Scientific Technicians (BU11)</b>	<b>Craft and Maintenance (BU12)</b>	<b>Printing and Allied Trades (BU14)</b>	<b>Allied Services (BU15)</b>	<b>Exempt/ Excluded/ Executive</b>
\$ 166,173	\$ 45,853	\$ 29,767	\$ 167,689	\$ 5,427	\$ 67,499	\$ 85,390
154,495	37,273	30,053	154,036	6,147	45,164	65,881
—	—	—	—	—	—	—
—	—	—	—	—	—	—
(81,253)	(14,025)	(14,908)	(75,163)	(4,233)	(18,495)	(37,782)
—	—	—	(1,076)	—	—	—
(1,778)	(410)	—	(600)	—	—	—
(371)	(86)	—	(55)	—	—	—
11	3	—	4	—	—	—
—	—	—	—	—	—	—
<b>\$ 237,277</b>	<b>\$ 68,608</b>	<b>\$ 44,912</b>	<b>\$ 244,835</b>	<b>\$ 7,341</b>	<b>\$ 94,168</b>	<b>\$ 113,489</b>

## 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):

Net OPEB Liability	Blended	Blended Discount Rate	Blended
	Discount Rate		Discount Rate
	-1%		+1%
Professional, Administrative, Financial, and Staff Services (BU1) .....	\$ 23,537,800	\$ 19,866,775	\$ 16,947,919
Attorneys and Hearing Officers (BU2) .....	1,440,137	1,227,816	1,057,258
Office and Allied (BU4) .....	7,187,354	6,125,628	5,275,532
Protective Services and Public Safety (BU7) .....	3,718,491	3,131,303	2,668,473
Professional Engineers (BU9) .....	5,161,339	4,363,558	3,727,267
Professional Scientific (BU10) .....	1,194,115	1,010,779	864,367
Engineering and Scientific Technicians (BU11) .....	1,006,647	860,177	742,771
Craft and Maintenance (BU12) .....	5,052,582	4,307,644	3,711,953
Printing and Allied Trades (BU14) .....	208,870	179,209	155,344
Allied Services (BU15) .....	1,462,792	1,243,228	1,068,119
Exempt/Excluded/Executive .....	2,474,746	2,091,045	1,786,556

## 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):

Net OPEB Liability	Healthcare Cost	Healthcare Cost Trend Rates	Healthcare Cost
	Trend Rates		Trend Rates
	-1%		+1%
Professional, Administrative, Financial, and Staff Services (BU1) .....	\$ 16,718,145	\$ 19,866,775	\$ 23,920,356
Attorneys and Hearing Officers (BU2) .....	1,043,900	1,227,816	1,461,514
Office and Allied (BU4) .....	5,215,196	6,125,628	7,286,992
Protective Services and Public Safety (BU7) .....	2,638,225	3,131,303	3,767,330
Professional Engineers (BU9) .....	3,676,765	4,363,558	5,241,071
Professional Scientific (BU10) .....	852,161	1,010,779	1,214,192
Engineering and Scientific Technicians (BU11) .....	737,293	860,177	1,015,300
Craft and Maintenance (BU12) .....	3,683,452	4,307,644	5,097,332
Printing and Allied Trades (BU14) .....	154,397	179,209	210,389
Allied Services (BU15) .....	1,054,875	1,243,228	1,483,855
Exempt/Excluded/Executive .....	1,768,007	2,091,045	2,505,811

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