
Salt Lake County
OPEB Trust

Annual Report for Year-Ended
December 31, 2017

Presented September 18, 2018

Salt Lake County OPEB Trust
Annual Report
December 31, 2017

This is the Annual Report by the Trustees of the Salt Lake County OPEB Trust ("Trust") for the period ending December 31, 2017. The Annual Report highlights the administration of the Trust and provides unaudited financial disclosures.

I. Trustees

The following served as Trustees during 2017:

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

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

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, to facilitate consistency with the current reporting requirements for pensions, and to provide more useful information about the liability and costs of benefits.

The implementation of the GASB requirements was effective in 2017 for the County. As such, the comprehensive annual financial report (the “CAFR”) incorporated the requirements in this year. 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, Actuarial Value of Assets (“AVA”), 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

The County currently offers other post-employment benefits (other than retirement) for employees hired prior to December 31, 2012. 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.

III. County OPEB Financial Obligations

In 2017, the County contracted with an actuarial firm, Nyhart, to prepare the OPEB statistics required by GASB. The final report was issued on April 6, 2018. 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 2017 CAFR and summarized below:

- Actuarially Determined Contribution (ADC) \$7.85M
- Total OPEB Expense \$7.99M

- **Total OPEB Liability (TOL) 2017**

TOL as of beginning of the year	\$105.69M
Normal cost as of beginning of the year	3.51 M
Benefit payments during the year	(3.46M)
Interest adjustments to end of year	<u>5.37M</u>
TOL as of end of year	\$111.12M
Actuarial Loss/(Gain)	<u>(4.60M)</u>
Actual TOL as of end of year	\$106.52M

- **Actuarial Value of Assets (AVA) 2017**

AVA as of beginning of year	\$5.21M
Employer contributions during the year	3.53M
Benefit payments during the year	(3.46M)
Investment income	<u>0.26M</u>
AVA as of end of year	\$5.54M
Diff. between expected and actual exper.	<u>0.12M</u>
AVA as of end of year	\$5.42M

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

compared to the ADC. For the County, the contributions made (otherwise known as the “pay-as-you-go amount”) were \$3.53 million in 2017 compared with the ADC of \$7.85 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. An initial investment strategy was discussed and adopted by the Board to invest in stable, highly rated short-term securities reflecting a widely held belief that interest rates would trend upward. 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 is to reach a balance of 50% investment in equities over the next two years. The discount rate used in the 2017 OPEB report was 5%, which is 0.5% higher than the rate used in the 2016 report.

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

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 from participants of the retirement system 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 12/31/2017 invested by the Treasurer with Moreton Asset Management, was \$5,115,313. 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 12/31/2017.

In 2017, additions to the trust exceeded deductions by \$216,532. For the official financial statements, any payments made by plan participants are excluded from contributions. Retiree contributions (offsetting receipts) collected by the trust for 2017 were \$855,889.

During its April 2018 meeting, the Board recommended the transfer of \$200,000 to the Treasurer for investment in the investment account. This contribution represents a decline from the contribution of \$900,000 made in 2017 as a result of the 2016 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. The policy makers agreed with this

recommendation and on June 19, 2018, the County Council appropriated increased 2018 revenues to the fund in the amount of \$971,441 per year.

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 2017 totaled \$73,520.

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.

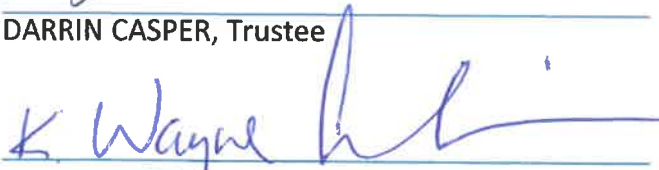
As previously mentioned, the irrevocable trust was established with an initial contribution of \$3.8 million. The first three years of operation resulted in additional contributions from Salt Lake County to the Trust in excess of \$1.6 million.

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 31st day of August, 2018



DARRIN CASPER, Trustee



K. WAYNE CUSHING, Trustee



MICHAEL ONGKIKO, Trustee



DAVID DELQUADRO, Trustee



GASB 74/75 ACTUARIAL VALUATION

Fiscal Year Ending December 31, 2017

Salt Lake County

CONTACT

Audra Mardis ASA, MAAA
audra.mardis@nyhart.com

ADDRESS

Nyhart
8415 Allison Pointe Blvd. Suite 300
Indianapolis, IN 46250

PHONE

General	(317) 845-3500
Toll-Free	(800) 428-7106
Fax	(317) 845-3654

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April 6, 2018

Brett R. Carlson
2001 South State Street
Salt Lake City, UT 84114

This report summarizes the GASB actuarial valuation for the Salt Lake County 2017 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 GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Summary of Results

Presented below is the summary of GASB 74/75 results for the fiscal year ending December 31, 2017.

As of December 31, 2017		
Total OPEB Liability	\$	106,520,525
Actuarial Value of Assets	\$	(5,422,923)
Net OPEB Liability	\$	101,097,602
Funded Ratio		5.1%
FY 2017		
OPEB Expense	\$	7,990,623
Annual Employer Contribution	\$	3,532,512
As of December 31, 2017		
Discount Rate		5.00%
Expected Return on Assets		5.00%
As of December 31, 2017		
Total Active Participants		2,288
Total Retiree Participants		1,118

The active participants' number above may include active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

Executive Summary

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Below is a breakdown of total GASB 74/75 liabilities allocated to past and current service. The table below also provides a breakdown of the Total OPEB Liability allocated to pre and post Medicare eligibility. The liability shown below includes explicit (if any) and implicit subsidies. Refer to the Substantive Plan Provisions section for complete information on the County's GASB subsidies.

Present Value of Future Benefits	As of December 31, 2017
Active Employees	\$ 86,337,810
Retired Employees	43,916,867
Total Present Value of Future Benefits	\$ 130,254,677

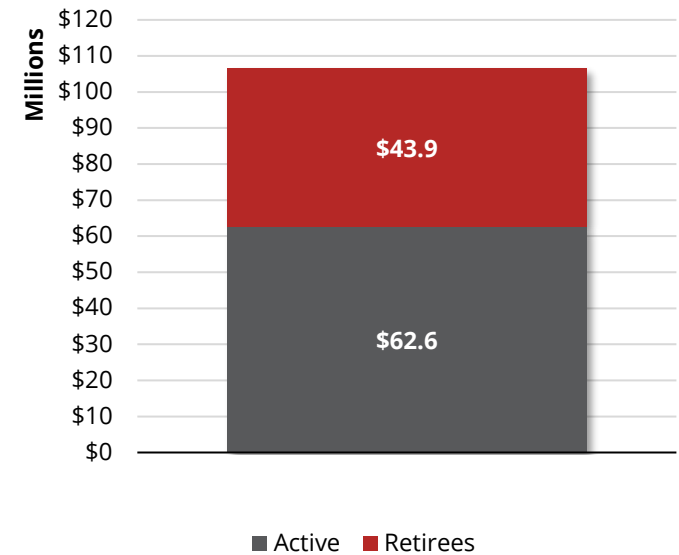
Total OPEB Liability	As of December 31, 2017
Active Pre-Medicare	\$ 25,814,320
Active Post-Medicare	36,789,338
Active Liability	\$ 62,603,658

Retiree Pre-Medicare	\$ 5,797,704
Retiree Post-Medicare	38,119,163
Retiree Liability	\$ 43,916,867

Total OPEB Liability	\$ 106,520,525
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	As of December 31, 2017
Discount Rate	5.00%

Total OPEB Liability



Present Value of Future Benefits (PVFB) is the amount needed as of December 31, 2017, to fully fund the County's retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

Total OPEB Liability is the portion of PVFB considered to be accrued or earned as of December 31, 2017. This amount is a required disclosure in the Required Supplementary Information section.

GASB Disclosures

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability		FY 2017
Total OPEB Liability		
Total OPEB liability – beginning of year	\$	105,692,624
Service cost		3,686,540
Interest		5,199,279
Changes of benefit terms		0
Changes in assumptions		3,579,764
Differences between expected and actual experience		(8,181,459)
Benefit payments		(3,456,223)
Net change in total OPEB liability	\$	827,901
Total OPEB liability – end of year	\$	106,520,525
Plan Fiduciary Net Position		
Plan fiduciary net position – beginning of year	\$	5,206,393
Contributions – employer		3,532,512
Contributions – active employees		0
Net investment income		140,241
Benefit payments		(3,456,223)
Trust administrative expenses		0
Net change in plan fiduciary net position	\$	216,530
Plan fiduciary net position – end of year	\$	5,422,923
Net OPEB Liability – end of year	\$	101,097,602
Plan fiduciary net position as % of total OPEB liability		
Covered employee payroll	\$	123,802,045
Net OPEB liability as % of covered payroll		81.7%

GASB Disclosures

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Schedule of Employer Contributions

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

	FY 2017		FY 2016		FY 2015	
Actuarially Determined Contribution (ADC)	\$	7,848,147 ¹	\$	7,970,611	\$	7,764,324
Contributions in relation to the ADC		3,532,512		3,908,992		6,528,631
Contribution deficiency / (excess)	\$	4,315,635	\$	4,061,619	\$	1,235,693
Covered employee payroll	\$	123,802,045	\$	145,267,334	\$	145,267,334
Contribution as a % of covered employee payroll		2.9%		2.7%		4.5%
	FY 2014		FY 2013		FY 2012	
Actuarially Determined Contribution (ADC)	\$	7,952,175	\$	7,952,175	\$	7,844,729
Contributions in relation to the ADC ¹		2,784,832		3,301,283		2,523,969
Contribution deficiency / (excess)	\$	5,167,343	\$	4,650,892	\$	5,320,760
Covered employee payroll	\$	159,244,634	\$	159,244,634	\$	145,764,229
Contribution as a % of covered employee payroll		1.7%		2.1%		1.7%

¹ Refer to the Actuarially Determined Contributions section for the calculation details.

GASB Disclosures

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

OPEB Expense

OPEB Expense	FY 2017
Discount rate as of beginning of fiscal year	5.00%
Discount rate as of end of fiscal year	5.00%
Service cost	\$ 3,686,540
Interest	5,199,279
Changes of benefit terms	0
Projected earnings on OPEB plan investments	(262,204)
Reduction for contributions from active employees	0
OPEB plan administrative expenses	0
Current period recognition of deferred outflows / (inflows) of resources	
Differences between expected and actual experience	\$ (1,168,780)
Changes in assumptions	511,395
Net difference between projected and actual earnings on OPEB plan investments	24,393
Total current period recognition	\$ (632,992)
Total OPEB expense	\$ 7,990,623

GASB Disclosures

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

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. Difference between projected and actual earnings in OPEB plan investments

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between 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 item above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of December 31, 2017
December 31, 2017	\$ (8,181,459)	7	\$ (1,168,780)	\$ (7,012,679)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of December 31, 2017
December 31, 2017	\$ 3,579,764	7	\$ 511,395	\$ 3,068,369

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, 2017
December 31, 2017	\$ 121,963	5	\$ 24,393	\$ 97,570

As of fiscal year ending December 31, 2017	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 0	\$ (7,012,679)
Changes in assumptions	3,068,369	0
Net difference between projected and actual earnings in OPEB plan investments	97,570	0
Total	\$ 3,165,939	\$ (7,012,679)

GASB Disclosures

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Deferred Outflows / (Inflows) of Resources – Continued

Annual Amortization of Deferred Outflows / (Inflows)

The balances of December 31, 2017 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2018	\$ (632,992)
2019	\$ (632,992)
2020	\$ (632,992)
2021	\$ (632,994)
2022	\$ (657,385)
Thereafter	\$ (657,385)

Sensitivity Results

The following presents the net OPEB liability as of December 31, 2017, 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, 2017	Net OPEB Liability
1% Decrease	\$ 117,610,480
Current Discount Rate	\$ 101,097,602
1% Increase	\$ 87,742,477

The following presents the net OPEB liability as of December 31, 2017, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current pre / post-65 health care trend rates start at an initial rate of 9.0% / 7.0% decreasing by 0.5% annually to an ultimate rate of 5.0% / 4.5%.
- The 1% decrease in trend rates would assume an initial rate of 8.0% / 6.0% (pre / post-65) decreasing by 0.5% annually to an ultimate rate of 4.0% / 3.5%.
- The 1% increase in trend rates would assume an initial rate of 10.0% / 8.0% (pre / post-65) decreasing by 0.5% annually to an ultimate rate of 6.0% / 5.5%.

As of December 31, 2017	Net OPEB Liability
1% Decrease	\$ 86,511,808
Current Health Care Trend Rates	\$ 101,097,602
1% Increase	\$ 119,507,535

Asset Information

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Asset Breakdown	December 31, 2017
Assets	
Cash and cash equivalents	\$ 322,410
Securities lending cash collateral	0
Total cash	\$ 322,410
Receivables	
Prepaid expenses	\$ 0
Accrued interest	0
Total receivables	\$ 0
Investments	
Fixed income	\$ 3,717,675
Equities	1,397,638
Mutual Funds	0
Other	0
Total investments	\$ 5,115,313
Total assets	\$ 5,437,723
Liabilities	
Payables	
Accounts payable	\$ (14,800)
Securities lending expense	0
Total liabilities	\$ (14,800)
Net position restricted to OPEB	\$ 5,422,923

Reconciliation of Asset	FY 2017
Additions	
Contributions received	
Employer	\$ 3,532,512
Employee	0
Total contributions	\$ 3,532,512
Investment income	
Net increase in fair value of investments	\$ 38,228
Interests and dividends	102,013
Change in unrealized gain/loss	0
Net gain/loss	0
Securities lending expense	0
Net investment income	\$ 140,241
Total additions	\$ 3,672,753
Deductions	
Benefit payments	\$ (3,456,223)
Administrative expenses	0
Other	0
Total deductions	\$ (3,456,223)
Net increase in net position	\$ 216,530
Net position restricted to OPEB	
Beginning of year ²	5,206,393
End of year	\$ 5,422,923

² Was set to match the preliminary financial statements as of December 31, 2017 provided by the County.

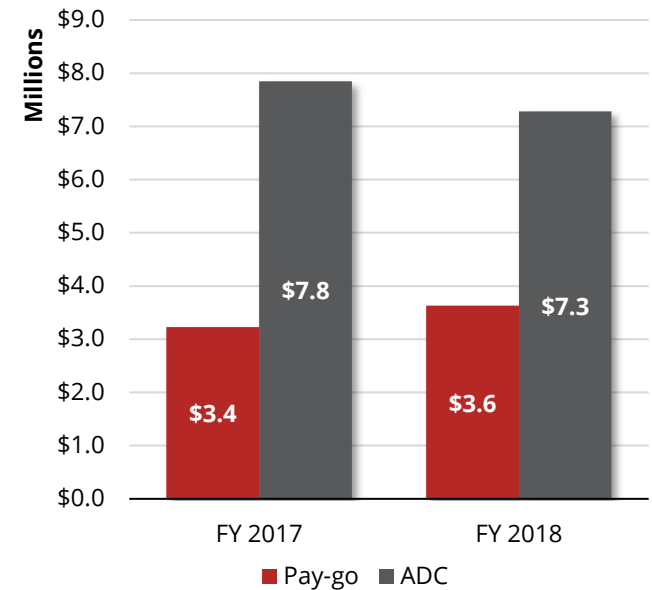
Actuarially Determined Contributions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

The Actuarially Determined Contributions calculated below are recommended target contributions and assumes that the Plan Sponsor has the ability to contribute these amounts on an annual basis. The Plan Sponsor has the responsibility to decide how much it should contribute after considering its other needs and the OPEB participants' needs.

	FY 2017	FY 2018
Discount rate	5.00%	5.00%
Payroll growth factor used for amortization	3.75%	3.25%
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level % of Pay	Level % of Pay
Amortization period	30 years	29 years
Actuarial accrued liability (AAL) – beginning of year	\$ 105,692,624	\$ 106,520,525
Actuarial value of assets – beginning of year	(5,206,393)	(5,422,923)
Unfunded AAL – beginning of year	\$ 100,486,231	\$ 101,097,602
Normal Cost	\$ 3,510,990	\$ 2,565,355
Amortization of UAAL	3,963,436	4,367,641
Total normal cost plus amortization	\$ 7,474,426	\$ 6,932,996
Interest to the end of year	373,721	346,650
Actuarially Determined Contribution – Preliminary	\$ 7,848,147	\$ 7,279,646
Expected benefit payments	3,456,223	3,628,373
Actuarially Determined Contribution – Final³	\$ 7,848,147	\$ 7,279,646

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.

³ Set to be the greater of the preliminary ADC and expected benefit payments.

Projection of GASB Disclosures

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

The Total OPEB Liability (TOL) is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the total OPEB liability and whether they increase or decrease the liability.

Expected Events

- Increases in TOL due to additional benefit accruals as employees continue to earn service each year
- Increases in TOL due to interest as the employees and retirees age
- Decreases in TOL due to benefit payments

Unexpected Events

- Increases in TOL when actual premium rates increase more than expected. A liability decrease occurs if the reverse happens.
- Increases in TOL when more new retirements occur than expected or fewer terminations occur than anticipated. Liability decreases occur when the opposite outcomes happen.
- Increases or decreases in TOL depending on whether benefits are improved or reduced.

Projection of Total OPEB Liability (TOL)	FY 2017	FY 2018
TOL as of beginning of year	\$ 105,692,624	\$ 106,520,525
Normal cost as of beginning of year	3,510,990	2,565,355
Exp. benefit payments during the year	(3,456,223)	(3,628,373)
Interest adjustment to end of year	5,374,829	5,364,691
Exp. TOL as of end of year	\$ 111,122,220	\$ 110,822,198
Actuarial Loss/(Gain)	(4,601,695)	TBD
Actual TOL as of end of year	\$ 106,520,525	\$ TBD

Discount rate as of beginning of year	5.00%	5.00%
Discount rate as of end of year	5.00%	TBD

Projection of Actuarial Value of Assets (AVA)	FY 2017	FY 2018
AVA as of beginning of year	\$ 5,206,393	\$ 5,422,923
Exp. employer contributions during the year ⁴	3,532,512	4,778,373
Exp. benefit payments during the year	(3,456,223)	(3,628,373)
Exp. investment income	262,204	299,545
Exp. Trust administrative expenses	0	0
Exp. AVA as of end of year	\$ 5,544,886	\$ 6,872,468
Differences between expected and actual experience	(121,963)	TBD
AVA as of end of year	\$ 5,422,923	\$ TBD
Expected asset return as of beginning of year	5.00%	5.00%
Expected asset return as of end of year	5.00%	TBD

⁴ FY 2018 expected employer contribution is estimated based on the County's funding policy of contributing pay-go cost plus additional prefunding contributions which will increase each year until the Actuarially Determined Contribution is reached.

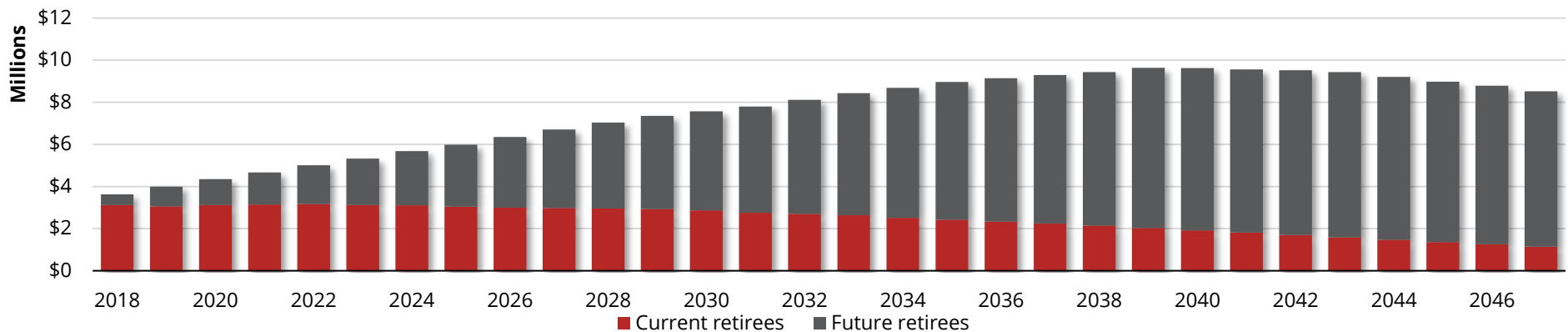
Cash Flow Projections

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

The below projections show the actuarially estimated employer-paid contributions for retiree health benefits for the next thirty years. Results are shown separately for a closed group of current / future retirees. These projections include explicit and implicit subsidies.

FYE	Current Retirees	Future Retirees ⁵	Total	FYE	Current Retirees	Future Retirees ⁶	Total	FYE	Current Retirees	Future Retirees ⁶	Total
2018	\$ 3,119,838	\$ 508,535	\$ 3,628,373	2028	\$ 2,954,744	\$ 4,084,206	\$ 7,038,950	2038	\$ 2,147,564	\$ 7,289,850	\$ 9,437,414
2019	\$ 3,055,895	\$ 936,881	\$ 3,992,776	2029	\$ 2,931,980	\$ 4,420,799	\$ 7,352,779	2039	\$ 2,027,463	\$ 7,611,104	\$ 9,638,567
2020	\$ 3,116,346	\$ 1,229,918	\$ 4,346,264	2030	\$ 2,865,261	\$ 4,705,869	\$ 7,571,130	2040	\$ 1,922,086	\$ 7,698,887	\$ 9,620,973
2021	\$ 3,144,918	\$ 1,516,082	\$ 4,661,000	2031	\$ 2,757,997	\$ 5,034,306	\$ 7,792,303	2041	\$ 1,812,932	\$ 7,753,117	\$ 9,566,049
2022	\$ 3,168,031	\$ 1,841,710	\$ 5,009,741	2032	\$ 2,699,313	\$ 5,417,433	\$ 8,116,746	2042	\$ 1,701,429	\$ 7,819,599	\$ 9,521,028
2023	\$ 3,120,779	\$ 2,209,554	\$ 5,330,333	2033	\$ 2,636,587	\$ 5,790,156	\$ 8,426,743	2043	\$ 1,588,682	\$ 7,840,294	\$ 9,428,976
2024	\$ 3,108,086	\$ 2,570,889	\$ 5,678,975	2034	\$ 2,508,086	\$ 6,181,846	\$ 8,689,932	2044	\$ 1,475,385	\$ 7,723,949	\$ 9,199,334
2025	\$ 3,046,127	\$ 2,933,293	\$ 5,979,420	2035	\$ 2,423,859	\$ 6,537,957	\$ 8,961,816	2045	\$ 1,362,781	\$ 7,608,002	\$ 8,970,783
2026	\$ 2,997,578	\$ 3,349,276	\$ 6,346,854	2036	\$ 2,331,669	\$ 6,810,085	\$ 9,141,754	2046	\$ 1,251,819	\$ 7,536,803	\$ 8,788,622
2027	\$ 2,975,849	\$ 3,733,406	\$ 6,709,255	2037	\$ 2,241,577	\$ 7,049,573	\$ 9,291,150	2047	\$ 1,143,626	\$ 7,379,889	\$ 8,523,515

Projected Employer Pay-go Cost



⁵ Projections for future retirees do not take into account future new hires.

Discussion of Discount Rates

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

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, 2017 and December 31, 2017. 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, 2017 are summarized in the following table.

Asset Class	Target Allocation	L/T Expected Real Rate of Return
VTSMX	34.0%	8.60%
VGTSX	16.0%	5.13%
Corporate Bonds	20.0%	2.53%
Government Bonds	10.0%	2.07%
CDs	10.0%	2.61%
U.S. Agency Mortgage Backed	10.0%	3.20%
Total	100.0%	5.04%

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, 2017	December 31, 2017
Bond Buyer Go 20-Bond Municipal Bond Index	3.78%	3.56%
S&P Municipal Bond 20-Year High Grade Rate Index	3.71%	3.17%
Fidelity 20-Year Go Municipal Bond Index	3.81%	3.31%
Bond Index Range	3.71% - 3.81%	3.17% - 3.56%
Bond Index Used	3.81%	3.56%

3. The final equivalent single discount rate used for accounting disclosure purposes is 5.00% as of January 1, 2017 and December 31, 2017 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).

Summary of Plan Participants

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Active Employees

Actives with medical coverage eligible for retiree health benefits ⁶	Single	Non-Single ⁷	Total	Avg. Age	Avg. Svc	Salary
PEHP HDHP	153	375	528	49.2	15.3	\$ 30,458,190
PEHP PPO	98	162	260	54.8	17.2	\$ 13,320,864
Select Health HDHP	224	540	764	46.8	14.8	\$ 43,444,740
Select Health PPO	161	353	514	52.4	17.1	\$ 26,744,578
Total actives with coverage	636	1,430	2,066	49.8	15.8	\$ 113,968,372

Actives without medical coverage eligible for retiree benefits⁸	222	50.2	13.5	\$ 9,833,673
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Actives not eligible for retiree health benefits ⁹	Total	Avg. Age	Avg. Svc	Salary
With medical coverage	1,183	38.8	2.4	\$ 53,618,955
Without medical coverage	190	40.8	2.1	\$ 6,361,651

⁶ Includes active employees who were hired prior to January 1, 2013.

⁷ Non-single enrollment includes participants who elected EE+1, EE+2, and EE+3 coverage.

⁸ Out of 222 active employees without medical coverage, 110 have dental benefits.

⁹ This enrollment includes active employees who are not eligible for retiree health benefits because they are hired on/after January 1, 2013.

Summary of Plan Participants

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Active Age-Service Distribution¹⁰

Age	Years of Service										Total
	< 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25			9								9
25 to 29			40	4							44
30 to 34			108	43	1						152
35 to 39			127	104	51	4					286
40 to 44			95	92	97	28	4				316
45 to 49		1	66	86	99	69	16				337
50 to 54			62	68	102	56	42	15			345
55 to 59			47	66	86	51	41	28	7		326
60 to 64			42	69	65	52	36	30	11	9	314
65 to 69			19	23	25	15	11	5	5	3	106
70 & up			5	10	13	10	3	7	3	2	53
Total	0	1	620	565	539	285	153	85	26	14	2,288

¹⁰ Includes active employees who were hired prior to January 1, 2013.

Summary of Plan Participants

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Retirees

Retirees with coverage	Single	Non-Single	Total	Avg. Age
PEHP HDHP	26	5	31	60.7
PEHP PPO	40	3	43	61.0
Select Health HDHP	30	6	36	60.3
Select Health PPO	49	4	53	59.7
Medicare Supplement 100%	604	245	849	75.2
Medicare Supplement 75%	7	4	11	70.0
Medicare Supplement 50%	6	1	7	74.1
Total retirees with coverage	762	268	1,030	72.8
Retirees without medical coverage¹¹			88	60.1

Retiree Age Distribution

Age	Retirees
< 45	1
45 to 49	8
50 to 54	29
55 to 59	64
60 to 64	144
65 to 69	232
70 to 74	241
75 to 79	184
80 to 84	132
85 to 89	58
90 & up	25
Total	1,118

¹¹ Out of 88 retirees without medical coverage, 7 of them have Rx coverage only and 81 have Dental coverage only.

Substantive Plan Provisions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Eligibility

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 as outlined below:

1. Tier I General Employees (hired prior to 7/1/2011) – earlier of:
 - a. Age 65 with 4 years of service
 - b. Age 62 with 10 years of service
 - c. Age 60 with 20 years of service
 - d. Any age with 25 years of service (with full actuarial age reduction)
 - e. Any age with 30 years of service
2. Tier II General Employees (hired on/after 7/1/2011) – earlier of:
 - a. Age 65 with 4 years of service
 - b. Age 62 with 10 years of service
 - c. Age 60 with 20 years of service
 - d. Any age with 35 years of service
3. Tier I Public Safety Employees (hired prior to 7/1/2011) – earlier of:
 - a. Age 65 with 4 years of service
 - b. Age 60 with 10 years of service
 - c. Any age with 20 years of service
4. Tier II Public Safety Employees (hired on/after to 7/1/2011) – earlier of:
 - a. Age 65 with 4 years of service
 - b. Age 62 with 10 years of service
 - c. Age 60 with 20 years of service
 - d. Any age with 25 years of service

Retiree Cost Sharing

Retirees contribute the portion of premium rates not covered by the County's explicit subsidy. Pre-Medicare retirees premium rates are 102% of active premium rates during COBRA period (18 months), increasing to 140% of active premium rates at the end of COBRA period.

If retirees elect spousal coverage, they are required to pay the full incremental cost of spousal coverage.

Spouse Benefit

Surviving spouses can continue coverage after the death of the retiree until Medicare eligibility as long as they pay the full cost of coverage.

Life Insurance

Retirees are eligible for a \$1,000 life insurance benefit that is fully paid by the County.

Substantive Plan Provisions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

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, 2018 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*	\$ 611.00	\$ 1,342.00	\$ 623.22	\$ 1,368.84	\$ 855.40	\$ 1,878.80
HDHP*	\$ 391.00	\$ 1,122.00	\$ 398.82	\$ 1,144.44	\$ 547.40	\$ 1,570.80

* Applicable to both Select Health and PEHP plans.

The monthly Medicare retiree premiums by plan effective on January 1, 2018 are as shown below:

Medicare Medical Plans				Medicare Rx Plans	
Age	Medicare 100%	Medicare 75%	Medicare 50%		Rate
65	\$ 115.20	\$ 88.73	\$ 65.38	Basic	\$ 62.90
66	\$ 118.95	\$ 91.62	\$ 67.51	Basic Plus	\$ 88.10
67	\$ 122.70	\$ 94.51	\$ 69.64	Enhanced	\$ 164.80
68	\$ 126.45	\$ 97.40	\$ 71.77		
69	\$ 130.20	\$ 100.29	\$ 73.90		
70	\$ 133.95	\$ 103.18	\$ 76.03		
71	\$ 137.70	\$ 106.07	\$ 78.16		
72	\$ 141.45	\$ 108.96	\$ 80.29		
73	\$ 145.20	\$ 111.85	\$ 82.42		
74+	\$ 148.95	\$ 114.74	\$ 84.55		

Substantive Plan Provisions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Dental Benefit

Same benefit options are available to retirees as active employees. Monthly dental premiums by plan effective on January 1, 2018 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

County Subsidy

The County subsidizes retiree health benefits for the retiree only according to the following table:

SLC YOS @ Ret	Pre-65 Retirees		SLC YOS @ Ret	65+ Retirees	
	PPO	HDHP		County Subsidy (as % of Premium)	
20+	\$ 499.00	\$ 391.00	20+	80%	
18 – 19	\$ 436.62	\$ 342.13	18 – 19	70%	
16 – 17	\$ 374.25	\$ 293.25	16 – 17	60%	
14 – 15	\$ 311.87	\$ 244.38	14 – 15	50%	
12 – 13	\$ 249.50	\$ 195.50	12 – 13	40%	
10 – 11	\$ 187.12	\$ 146.63	10 – 11	30%	
7 – 9	\$ 124.75	\$ 97.75	7 – 9	20%	
4 – 6	\$ 62.37	\$ 48.88	4 – 6	10%	
<4	\$ 0.00	\$ 0.00	<4	0%	

Below is an example of how the subsidy works for a retiree with 20 years at retirement enrolled in the Select Health PPO plan pre-Medicare and Medicare Supplement 100% with Basic Rx post-Medicare.

			Pre-65				Post-65
A.	Active rate		\$ 611.00	A.	Premium rate (age 65)		\$ 178.10
B.	COBRA rate (102% x (A))		\$ 623.22	B.	County subsidy (80% x (A))		\$ 142.48
C.	Retiree rate (140% x (A))		\$ 855.40	C.	Retiree contribution		\$ 35.62
D.	County subsidy (from table above)		\$ 499.00				
E.	Retiree contributions						
	During COBRA (18 months) (B) – (D)		\$ 124.22				
	After COBRA period (C) – (D)		\$ 356.40				

Actuarial Methods and Assumptions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

The actuarial assumptions used in this report represent a reasonable long-term expectation of future OPEB outcomes. As national economic and County experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

There are changes to the actuarial methods and assumptions since the last GASB valuation, which was for the fiscal year ending December 31, 2015. Refer to Actuary's Notes section for complete information on these changes. For the current year GASB valuation, we have also updated the per capita costs. We expect to update health care trend rates, per capita costs, mortality rates, and the discount rate in the next full GASB valuation, which will be for the fiscal year ending December 31, 2019.

Measurement Date	December 31, 2017
Actuarial Valuation Date	December 31, 2017 with no adjustments to the December 31, 2017 measurement date. Liabilities as of January 1, 2017 are based on an actuarial valuation date of December 31, 2015 with results actuarially projected to January 1, 2017 on a no gain/loss basis.
Discount Rate	Accounting: 5.00% as of January 1, 2017 and December 31, 2017 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.
Payroll Growth	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.

Service	General	Public Safety
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	3.25% per year
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Actuarial Methods and Assumptions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Experience Study

Best actuarial practices call for a periodic assumption review and Nyhart recommends the County to complete an actuarial assumption review (also referred to as an experience study) prior to the next full valuation (for the fiscal year ending December 31, 2019). The actuarial assumptions are currently based on the most recent actuarial valuation for the Utah Retirement System as of January 1, 2017.

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.

Census Data

Census information was provided by the County as of November 2017. We have reviewed it for reasonableness and no material modifications were made to the census data.

Health Care Coverage Election Rate

60% of active General and 50% of active Public Safety employees with current medical/rx coverage are assumed to elect medical/rx coverage at retirement.

40% of active General and 60% of active Public Safety employees with current dental coverage are assumed to elect dental coverage at retirement.

0% of active employees without current coverage (either medical/rx or dental) are assumed to elect coverage at retirement.

100% of retirees with current medical/rx or dental coverage are assumed to continue coverage in the future.

10% of retirees with current dental coverage are assumed to elect medical/rx coverage in the future if they retired in the past 5 years, otherwise they are assumed never to elect medical/rx coverage in the future.

0% of retirees without current coverage are assumed to elect coverage in the future.

Spousal Coverage

50% of male and 25% of female employees are assumed to elect spousal coverage at retirement. Husbands are assumed to be three years older than wives. Actual spousal coverage and age is used for retirees.

Mortality

SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017

Disability

None

Actuarial Methods and Assumptions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Turnover Rate

Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months. Sample annual rates shown below are based on the Utah Retirement System (URS) actuarial valuation as of January 1, 2017.

YOS	General		Public Safety
	Male	Female	
0	17.00%	22.00%	12.00%
5	7.00%	10.00%	4.50%
10	4.50%	6.00%	3.00%
15	2.75%	4.00%	1.50%
20	2.00%	2.50%	1.00%
25	1.00%	1.00%	1.00%

Retirement Rate

Annual retirement rates are based on URS actuarial valuation as of January 1, 2017.

Age	General		Age	Public Safety	
	Male	Female		Tier I	Tier II
50 – 54	15%	20%	45 – 58	15%	12%
55 – 59	15%	25%	59	20%	12%
60 – 61	20%	30%	60	20%	25%
62 – 64	23%	30%	61	20%	30%
65	23%	25%	62 – 64	35%	35%
66	30%	25%	65	35%	50%
67 – 69	22%	25%	66 – 69	50%	50%
70	22%	20%	70+	100%	100%
71 – 74	18%	15%			
75+	100%	100%			

Retiree Contributions

Retiree contributions are assumed to increase according to health care trend rates.

Actuarial Methods and Assumptions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Health Care Trend Rates	FYE	Pre-65	Post-65	Dental
	2018	9.00%	7.0%	3.00%
	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%

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

Per Capita Costs¹²

Annual per capita costs were calculated based on the 2018 premium rates by plan actuarially increased using health index factors and current enrollment. The costs are assumed to increase with health care trend rates. Sample annual per capita costs are as shown below:

Age	PPO ¹³		HDHP ¹⁴	
	Male	Female	Male	Female
45	\$ 5,293	\$ 6,930	\$ 3,387	\$ 4,435
50	\$ 7,161	\$ 8,115	\$ 4,583	\$ 5,193
55	\$ 9,360	\$ 9,621	\$ 5,990	\$ 6,157
60	\$ 11,758	\$ 11,303	\$ 7,525	\$ 7,233
64	\$ 13,686	\$ 12,687	\$ 8,758	\$ 8,119

The per capita costs represent the cost of coverage for a retiree-only population.

Actuarial standards require the recognition of higher inherent costs for a retired population versus an active population.

Post-65 plans are assumed to be community rated and the per capita costs are equal to the premium rates. For retirees who are currently under 65, their assumed post-65 plan election is as follows:

- For medical benefit, 100% of them are assumed to elect Medicare 100% plan.
- For prescription drug benefit, 50% of them are assumed to elect the Basic plan with the remaining 50% electing the Enhanced plan.

¹² Nyhart used the 2018 County's premium equivalent rates without adjustment in our calculations. The rates were provided by the County and were assumed to represent the expected cost of claims and administrative expenses under the self-insured health plan. To the extent the rates do not reflect the full cost of coverage, our actuarial results will need to be revised. Common reasons for rates not reflecting the full cost are (1) use of asset reserves to pay a portion of the expected costs which leads to lower rates than required based on claims experience and (2) use of maximum claim exposure under the plan's aggregate stop-loss policy to set rates which overstate the expected costs for GASB 45 purposes.

¹³ Applicable to both Select Health and PEHP plans.

Actuarial Methods and Assumptions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Explicit Subsidy

The difference between (a) the retiree rate and (b) the retiree contribution. Below is an example of the monthly explicit subsidies for a future under 65 retiree enrolled in the Select Health PPO plan with 20 years of service at retirement who has been retired for less than 18 months.

	Premium Rate	Retiree Contribution	Explicit Subsidy
	A	B	C = A - B
Retiree	\$ 623.22	\$ 124.22	\$ 499.00
Spouse	\$ 745.62	\$ 745.62	\$ 0.00

Implicit Subsidy

The difference between (a) the per capita cost and (b) the premium rate. Below is an example of the monthly implicit subsidies for a retiree age 64 with spouse of the same age enrolled in the Select Health PPO plan.

	Per Capita Cost	Premium Rate	Implicit Subsidy
	A	B	C = A - B
Retiree	\$ 1,140.50	\$ 623.22	\$ 517.28
Spouse	\$ 1,057.25	\$ 745.62	\$ 311.63

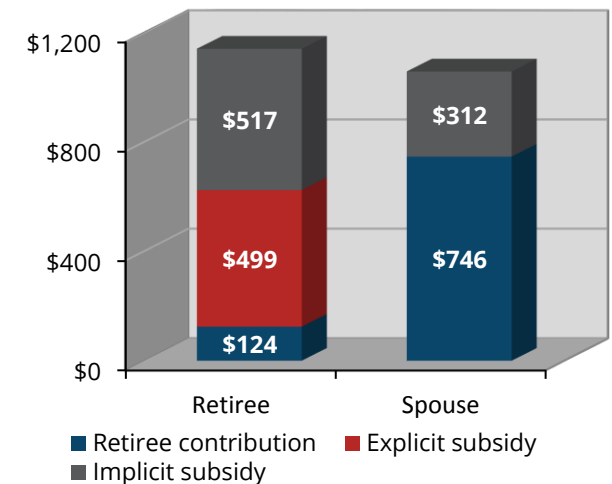
All employers that utilize premium rates based on blended active/retiree claims experience will have an implicit subsidy. There is an exception for Medicare plans using a true community-rated premium rate.

GASB Subsidy Breakdown

Below is a breakdown of the GASB 74/75 monthly total cost for a male retiree age 64 who has been retired for less than 18 months with spouse of the same age enrolled in the Select Health PPO plan.

	Retiree	Spouse
Retiree contribution	\$ 124.22	\$ 745.62
Explicit subsidy	\$ 499.00	\$ 0.00
Implicit subsidy	\$ 517.28	\$ 311.63
Total monthly cost	\$ 1,140.50	\$ 1,057.25

GASB Subsidy Breakdown



APPENDIX

The background of the slide is composed of several overlapping geometric shapes, primarily triangles. The top half is a solid dark gray. The bottom half features a complex arrangement of lighter gray, white, and red triangles. A prominent red triangle is located in the bottom right corner, overlapping with a white triangle and a light gray triangle. The overall design is minimalist and modern.

Appendix

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Comparison of Participant Demographic Information

The active participants' number below may include active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

	As of January 1, 2015	As of December 31, 2017
Active Participants ¹⁴	2,932	2,288
Retired Participants	1,375 ¹⁵	1,118 ¹⁶
Averages for Active		
Age	47.6	49.9
Service	13.2	15.6
Averages for Inactive		
Age	71.1	71.8

¹⁴ Figures shown above include active employees who currently have no health coverage but exclude those who are not eligible for retiree health benefits.

¹⁵ The retired participant's enrollment figures include 267 spouses who are covered under the County's group health plan, 114 retirees that have dental benefits only (no medical or Rx coverage), and 18 retirees that have Rx coverage only (no medical or dental coverage).

¹⁶ The retired participant's enrollment figures include 81 retirees that have dental benefits only (no medical or Rx coverage), and 7 retirees that have Rx coverage only (no medical or dental coverage).

Appendix

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Detailed Actuary's Notes

There have been no substantive plan provision changes since the County's last full valuation, which was for the fiscal year ending December 31, 2015.

Salt Lake County has opted to disclose OPEB liabilities under GASB 74/75 for the current valuation. The prior valuation was disclosed under GASB 45. The following assumptions have been updated in accordance with GASB 74/75:

1. The prior valuation used a discount rate of 4.50% for accounting disclosure purposes. The current valuation uses a discount rate of 5.00% as of January 1, 2017 and December 31, 2017 for accounting disclosure purposes. 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. The accounting discount rate will be updated annually to reflect market conditions as of the Measurement Date. For funding purposes, the expected Trust rate of return of 5.00% has been used in calculating the Actuarially Determined Contribution. Refer to the Discussion of Discount Rates section for additional information in the discount rate selection. This change caused a decrease in the County's liabilities.

Additionally, the following assumptions have also been updated:

1. Mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. The impact of this change is a decrease in the County's liabilities.
2. Termination rates, retirement rates, and salary scale have all been updated to follow the most recent Utah Retirement System actuarial valuation as of January 1, 2017. The net impact of these changes is an increase in the County's liabilities.
3. Pre-Medicare health care trend rates have been reset to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%. Post-Medicare health care trend rates have been reset to an initial rate of 7.0% decreasing by 0.5% annually to an ultimate rate of 4.5%. These changes caused an increase in liabilities for the County.

Appendix

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

Summary of Medical Benefits

A brief summary of all health plans offered by the County effective on January 1, 2018 is as shown below.

Salt Lake County Plans	Traditional PPO	HDHP
Deductible (EE / Family)	\$500 / \$1,000	\$2,000 / \$4,000
Coinsurance	100%	100%
Out-of-Pocket Maximum (EE / Family)	\$3,500 / \$ 7,000	\$3,500 / \$ 7,000
Copay / co-insurances (after deductible) for:		
Primary Care	\$25	\$25
Specialist	\$35	\$35
Emergency Room	\$150	\$150
In-Patient/Out-Patient	20%	10%
HealthyMe Clinic	\$10	\$10
Prescription drugs		
Retail (Tier 1 / Tier 2 / Tier 3) ¹⁷	\$10 / 25% / 50%	\$5 / \$15/ \$35
Mail Order (Tier 1 / Tier 2 / Tier 3) ¹⁸	\$20 / 25% / 50%	\$5 / \$15/ \$35

¹⁷ Retail tier 2 is subject to a \$25 minimum and \$75 maximum. Retail tier 3 is subject to a \$50 minimum and \$100 maximum

¹⁸ Mail order tier 2 is subject to a \$50 minimum and \$150 maximum. Mail order tier 3 is subject to a \$100 minimum and \$200 maximum.

GLOSSARY

The background of the slide is composed of several overlapping geometric shapes, primarily triangles. The top half is a solid dark gray. The bottom half features a complex arrangement of lighter gray, white, and red triangles. A prominent red triangle is located in the bottom right corner, overlapping with other shapes. The overall design is minimalist and modern.

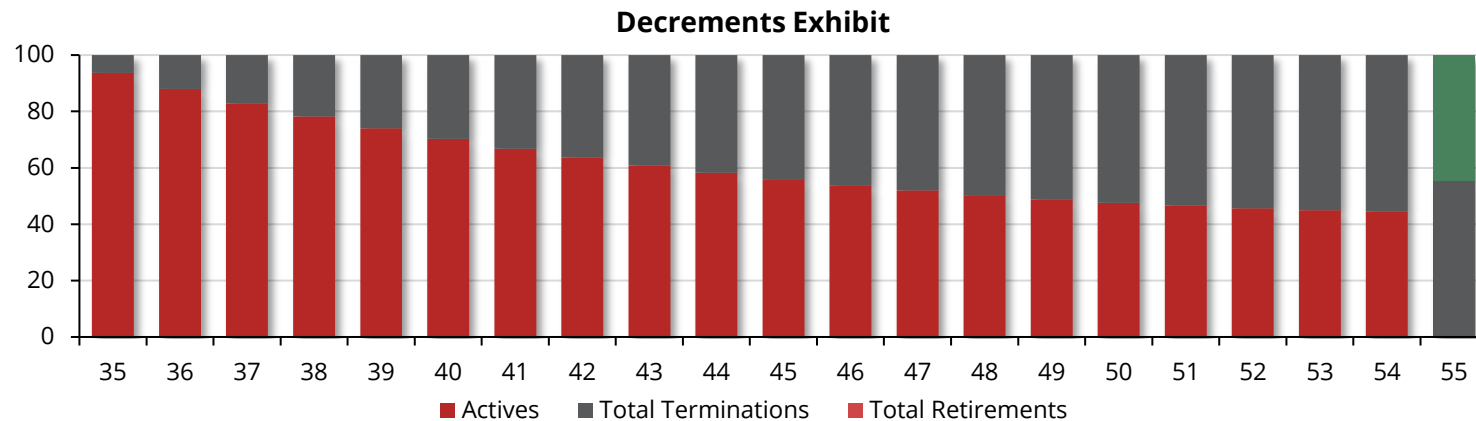
Glossary – Decrements Exhibit

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. Starting with 100 employees at age 35, the illustrated actuarial assumptions show that 44.43 employees out of the original 100 are expected to retire and could elect retiree health benefits at age 55.

Age	# Remaining Employees	# of Terminations per Year ¹⁹	# of Retirements per Year	Total Decrements
35	100.000	6.276	0.000	6.276
36	93.724	5.677	0.000	5.677
37	88.047	5.136	0.000	5.136
38	82.911	4.648	0.000	4.648
39	78.262	4.209	0.000	4.209
40	74.053	3.814	0.000	3.814
41	70.239	3.456	0.000	3.456
42	66.783	3.131	0.000	3.131
43	63.652	2.835	0.000	2.835
44	60.817	2.564	0.000	2.564
45	58.253	2.316	0.000	2.316

Age	# Remaining Employees	# of Terminations per Year	# of Retirements per Year	Total Decrements
46	55.938	2.085	0.000	2.085
47	53.853	1.866	0.000	1.866
48	51.987	1.656	0.000	1.656
49	50.331	1.452	0.000	1.452
50	48.880	1.253	0.000	1.253
51	47.627	1.060	0.000	1.060
52	46.567	0.877	0.000	0.877
53	45.690	0.707	0.000	0.707
54	44.983	0.553	0.000	0.553
55	44.430	0.000	44.430	44.430



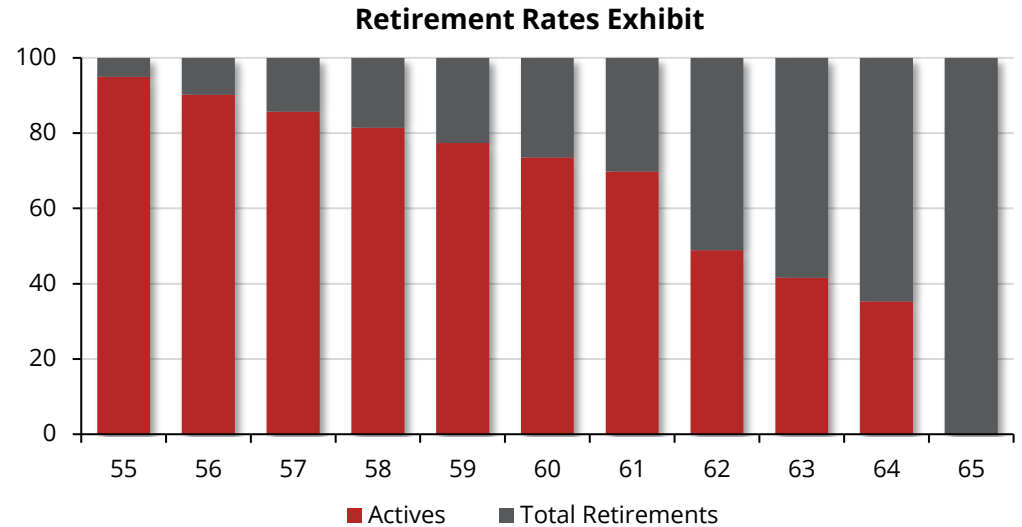
¹⁹ The above rates are illustrative rates and are not used in our GASB calculations.

Glossary – Retirement Rates Exhibit

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. The illustrated retirement rates show the number of employees who are assumed to retire annually based on 100 employees age 55 who are eligible for retiree health care coverage. The average age at retirement is 62.0.

Age	Active Employees BOY	Annual Retirement Rates*	# Retirements per Year	Active Employees EOY
55	100.000	5.0%	5.000	95.000
56	95.000	5.0%	4.750	90.250
57	90.250	5.0%	4.513	85.738
58	85.738	5.0%	4.287	81.451
59	81.451	5.0%	4.073	77.378
60	77.378	5.0%	3.869	73.509
61	73.509	5.0%	3.675	69.834
62	69.834	30.0%	20.950	48.884
63	48.884	15.0%	7.333	41.551
64	41.551	15.0%	6.233	35.318
65	35.318	100.0%	35.318	0.000



* The above rates are illustrative rates and are not used in our GASB calculations.

Glossary – Definitions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

GASB 74/75 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
2. **Actuarial Cost Method** – A procedure for determining the Actuarial Present Value of Future Benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Service Cost and a Total OPEB Liability.
3. **Actuarially Determined Contribution** - A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice.
4. **Actuarial Present Value** – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:
 - a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.);
 - b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned; and
 - c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.
5. **Deferred Outflow / (Inflow) of Resources** – represents the following items that have not been recognized in the OPEB Expense:
 - a. Differences between expected and actual experience of the OPEB plan
 - b. Changes in assumptions
 - c. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)
6. **Explicit Subsidy** – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.
7. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the Total OPEB Liability.

Glossary – Definitions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

8. **Healthcare Cost Trend Rate** – The rate of change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
9. **Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.
10. **OPEB** – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
11. **OPEB Expense** – Changes in the Net OPEB Liability in the current reporting period, which includes Service Cost, interest cost, changes of benefit terms, expected earnings on OPEB Plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources.
12. **Pay-as-you-go** – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.
13. **Per Capita Costs** – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.
14. **Present Value of Future Benefits** – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.
15. **Real Rate of Return** – the rate of return on an investment after adjustment to eliminate inflation.

Glossary – Definitions

Salt Lake County GASB 74/75 Valuation for Fiscal Year Ending December 31, 2017

16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% select rates, and 7% is the ultimate rate.
17. **Service Cost** – The portion of the Actuarial Present Value of projected benefit payments that are attributed to a valuation year by the Actuarial Cost Method.
18. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.
19. **Total OPEB Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits which is attributed to past periods of employee service (or not provided for by the future Service Costs).

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 BRENNAN 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 depositary 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.

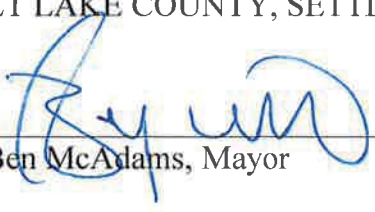
Section 6.6 Statutory Reference. Unless the context provides otherwise, reference or incorporation of a specific statute means the statutory language existing on the effective date of the Trust.

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 25th day of September, 2015.

SALT LAKE COUNTY, SETTLOR

By: 

Ben McAdams, Mayor

Declaration of Trust for the Salt Lake County OPEB Trust

DATED this 25 day of September, 2015



DARRIN CASPER,
Chief Financial Officer and Trustee

DATED this 29th day of September, 2015



K. WAYNE CUSHING,
Salt Lake County Treasurer, Trustee

DATED this 29th day of September, 2015



SARAH BRENNNA,
Director of Administrative Services, Trustee

DATED this 29th 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 11th day of May, 2017, by and between SALT LAKE COUNTY ("Settlor") and DARRIN CASPER, K. WAYNE CUSHING, and DAVID DELQUADRO as Trustees.

RECITALS

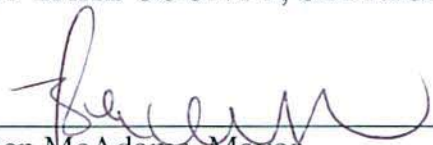
- A. The Trust was created on September 22, 2015.
- B. The Trust required one of the Trustees to be the individual holding the position of "Director of Administrative Services."
- C. The Salt Lake County Mayor has reorganized his office and the position of Director of Administrative Services has been 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 16th 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

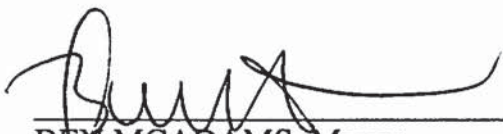
DATED this 16 day of May, 2017


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.

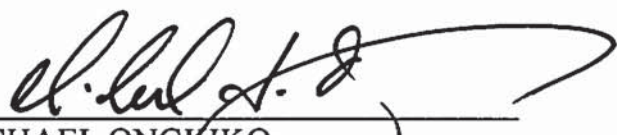
Dated this 16 day of May, 2017


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

12-31-17 Portfolio Holdings

Moreton-Salt Lake County OPEB (55806)

As of 12/31/2017

Dated: 08/30/2018

Ticker, Identifier, Description	Security Type, Coupon Type	Industry Sector	Original Units	Market Value, Book Value	Final Maturity, Effective Maturity	Accrued Balance	Market Price	Book Yield	Fitch Rating, Moody's Rating, S&P Rating	Market Value + Accrued	Net Unrealized Gain/Loss
--- CCYUSD Receivable	CASH Fixed	---	36.43	36.43 36.43	12/31/2017 12/31/2017	0.00	1.0000	0.000	--- Aaa AAA	36.43	0.00
BAC 06051GEW5 BANK OF AMERICA CORPORATION	CORP Floating	Financial	200,000.00	200,378.00 200,145.70	03/22/2018 03/22/2018	151.55	100.1890	2.397	--- A3 A-	200,529.55	232.30
DAIGR 233851BT0 DAIMLER FINANCE NORTH AMERICA LLC	CORP Floating	Consumer, Cyclical	200,000.00	200,184.00 199,688.62	05/18/2018 05/18/2018	439.99	100.0920	2.299	--- A2 A	200,623.99	495.38
JPM 46623EKE8 JPMORGAN CHASE & CO	CORP Floating	Financial	200,000.00	200,068.00 199,940.04	03/01/2018 03/01/2018	342.83	100.0340	2.170	--- A3 A-	200,410.83	127.96
UST 912828A34 UNITED STATES TREASURY	US GOV Fixed	Government	275,000.00	273,658.00 275,494.39	11/30/2018 11/30/2018	302.20	99.5120	1.051	--- Aaa AA+	273,960.20	-1,836.39
FNMA 3135G0G31 FEDERAL NATIONAL MORTGAGE ASSOCIATION	AGCY BOND Fixed	Government	200,000.00	198,442.00 200,000.00	01/29/2019 01/29/2019	1,013.33	99.2210	1.200	--- Aaa AA+	199,455.33	-1,558.00
FHLB 3130A6SX6 FEDERAL HOME LOAN BANKS	AGCY BOND Fixed	Government	100,000.00	99,273.00 100,059.03	11/25/2020 11/25/2020	181.00	99.2730	1.789	--- Aaa AA+	99,454.00	-786.03
GS 38141GVK7 GOLDMAN SACHS GROUP INC	CORP Floating	Financial	275,000.00	275,819.50 275,229.19	04/30/2018 04/30/2018	1,240.64	100.2980	2.335	--- A3 BBB+	277,060.14	590.31
FNMA 3136G3RK3 FEDERAL NATIONAL MORTGAGE ASSOCIATION	AGCY BOND Fixed	Government	350,000.00	344,190.00 350,000.00	06/14/2021 06/14/2021	297.50	98.3400	1.800	--- Aaa AA+	344,487.50	-5,810.00
C 172967HN4 CITIGROUP INC	CORP Floating	Financial	200,000.00	201,102.00 199,979.21	04/08/2019 04/08/2019	1,001.24	100.5510	2.152	--- Baa1 BBB+	202,103.24	1,122.79
FHLMC 3134G93Q8 FEDERAL HOME LOAN MORTGAGE CORP	AGCY BOND Fixed	Government	200,000.00	192,920.00 200,000.00	08/25/2021 08/25/2021	1,176.00	96.4600	1.680	--- Aaa AA+	194,096.00	-7,080.00
FNMA 3136G33A1 FEDERAL NATIONAL MORTGAGE ASSOCIATION	AGCY BOND Fixed	Government	275,000.00	267,764.75 275,000.00	08/24/2021 08/24/2021	1,552.22	97.3690	1.600	--- Aaa AA+	269,316.97	-7,235.25
MS 61745E4K4 MORGAN STANLEY DEAN WITTER & CO.	CORP Floating	Financial	400,000.00	405,500.00 408,672.93	02/18/2020 02/18/2020	1,519.58	101.3750	2.290	--- A3 BBB+	407,019.58	-3,172.93
BACR 06741TRQ2 BARCLAYS BANK PLC	CORP Floating	Financial	100,000.00	100,000.00 100,493.45	04/09/2020 04/09/2020	535.34	100.0000	2.127	--- A1 A	100,535.34	-493.45
MS 61746BEH5 MORGAN STANLEY	CORP Floating	Financial	100,000.00	100,399.00 100,272.44	02/14/2020 02/14/2019	295.05	100.3990	1.998	--- A3 BBB+	100,694.05	126.56
FHLMC 3134GBSC7 FEDERAL HOME LOAN MORTGAGE CORP	AGCY BOND Fixed	Government	250,000.00	248,387.50 250,000.00	06/29/2022 06/29/2022	29.86	99.3550	2.150	--- Aaa AA+	248,417.36	-1,612.50
BACR 06741VW24 BARCLAYS BANK PLC	CORP Step-Up	Financial	400,000.00	399,144.00 399,748.97	06/16/2020 06/16/2020	366.74	99.7860	2.227	--- A1 A	399,510.74	-604.97
VTSAX 922908728 VANGUARD TTL STK MKRT INX CL ADM MF	Open-End Fund Fixed	Funds	14,198.80	947,344.00 897,620.17	--- ---	0.00	66.7200	---	--- NA NA	947,344.00	49,723.83
VTIAX 921909818 VANGUARD TOTAL INT STOCK CL ADM MF	Open-End Fund Fixed	Funds	14,754.05	450,293.69 434,295.79	--- ---	0.00	30.5200	---	--- NA NA	450,293.69	15,997.90

12-31-17 Portfolio Holdings

Moreton-Salt Lake County OPEB (55806)

As of 12/31/2017

Dated: 08/30/2018

<i>Ticker, Identifier, Description</i>	<i>Security Type, Coupon Type</i>	<i>Industry Sector</i>	<i>Original Units</i>	<i>Market Value, Book Value</i>	<i>Final Maturity, Effective Maturity</i>	<i>Accrued Balance</i>	<i>Market Price</i>	<i>Book Yield</i>	<i>Fitch Rating, Moody's Rating, S&P Rating</i>	<i>Market Value + Accrued</i>	<i>Net Unrealized Gain/Loss</i>
IBDA 993086123 WFB INSTITUTIONAL BANK DEPOSIT	MMFUND Fixed	Cash	11,709.63	11,709.63 11,709.63	12/31/2017 12/31/2017	0.00	1.0000	0.750	--- NA NA	11,709.63	0.00
---	---	---	3,765,698.91	5,116,613.50 5,078,386.00	01/09/2020 12/30/2019	10,445.09	87.1867	1.961	--- A1 A	5,127,058.58	38,227.49

* Weighted by: Market Value + Accrued, except Book Yield by Base Book Value + Accrued. * Holdings Displayed by: Position.

This report of your portfolio holdings with Moreton Asset Management, LLC, (Moreton) should not be relied upon for auditing or tax purposes. Although the information provided has been obtained from sources believed to be reliable, its accuracy is not guaranteed. You should receive annual tax information from the custodian of record. Such information should be used for your tax return.

Securities prices may differ from actual liquidation value. Prices listed herein should be used only as a general guide to the portfolio's actual value. Prices are received from various pricing sources. Moreton is not responsible for any clerical or computational errors that may result from using pricing or other data from outside sources. In some cases, the report may reflect positions held in custody outside of the custodian of record for your accounts. Moreton uses settle-date accounting.

Management fees used to calculate the rates of return for the statement period include all administrative, management, and trading services rendered during the statement period, and are reflected in the Summary Performance calculations. These fees are accrued during the statement period and are charged to client accounts at the beginning of the following month. The returns shown are actual and are not annualized.

The custodian of record is required by law to provide separate account statements on at least a quarterly basis. Market values reflected in the custodian's statement and those cited in this report may differ due to the use of different pricing and reporting methods. If any discrepancies are found between the custody statement and this report, the custody statement will serve as the statement of record.

Performance returns include cash and cash equivalents and reflect the reinvestment of dividends, interest and other earnings based on the elections of the underlying client accounts. Performance is presented both before (gross) and after (net) the deduction of Moreton's fees and any applicable transaction costs. Performance is calculated on a settlement date basis and annual rates of return are calculated by linking monthly returns.

Benchmarks are provided for informational purposes only. Indexes are unmanaged and individuals cannot invest directly in the indexes referenced here.

Past performance is not indicative of future results. Different asset classes and types of investments include varying degrees of risk and therefore, no assurances are given that any specific investment will be profitable for the portfolio. Performance results for individual client portfolios will vary due to factors such as the timing of investments, contributions/withdrawals of funds, diversification, length of relationship, and size of positions. If you have any questions about your Moreton portfolio, please contact your portfolio manager. They can be reached at 801-869-4200 or at Team@MoretonAdvisors.com

Salt Lake County
OPEB Trust Fund (Fund 995 Department 5308000000) Comparison of Revenues and Expenditures
FINAL December 31, 2017

Revenues					
Fund	Agn	Dept	Account	Descr	Total
995	050	5308000000	421005	Departmental Fees	(6,108.00)
			429005	Interest - Time Deposits	(8,511.61)
			429015	Interest-Miscellaneous	(131,728.60)
			431160	Interfund Revenue	(3,526,404.06)
			437090	Ret Ins - Selecthlth Ret	(292,806.75)
			437095	Ret Ins - Selecthlth HDHP Ret	(98,086.50)
			437110	Ret Ins - EMI Dental Retiree	(145,482.81)
			437111	Ret ins-Cigna Dental Retiree	-
			437200	Ret Ins Medicare Sup Retiree	(274.20)
			437215	Ret Ins-Pehp Sumt Retiree	(155,213.11)
			437225	Ret Ins - Pehp HDHP Sum	(78,301.94)
			437247	Ret Ins-Regence Ret	(63,783.96)
			437248	Ret Ins-Regence HDHP Ret	(21,939.67)
Grand Total					(4,528,641.21)

Expenditures					
Fund	Agn	Dept	Account	Descr	Total
995	050	5308000000	613005	Printing Charges	632.00
			639025	Other Professional Fees	16,100.00
			655036	Ret Ins - Life Insurance	29,000.00
			655045	Ret Ins - Pehp Medicare Supp	2,135,435.86
			655055	Emp Ins-Insurance Refunds	17,899.11
			655080	Ret Ins- PEHP Summit Clms	515,890.99
			655081	Ret Ins- PEHP Summit Adm	10,683.89
			655082	Ret Ins- PEHP Summit Rein	3,559.18
			655115	Ret Ins-PEHP Sum HDHP Clms	237,533.06
			655116	Ret Ins-PEHP Sum HDHP Adm	14,348.04
			655117	Ret Ins-PEHP Sum HDHP Rein	4,583.25
			655225	Ret Ins - Select HDHP Claims	178,469.47
			655230	Ret Ins - Select HDHP Admin	26,485.76
			655235	Ret Ins - Select HDHP Reinsur	5,613.88
			655255	Ret Ins - Select Claims	701,105.97
			655260	Ret Ins - Select Admin	41,693.08
			655265	Ret Ins - Select Reinsurance	7,265.70
			655285	Ret Ins - EMI Dental Claims	109,575.10
			655290	Ret Ins - EMI Dental Admin	6,365.00
			655292	Affordable Care Act	616.98
			655329	Ret Ins-Regence HDHP Claims	21,891.90
			655330	Ret Ins-Regence HDHP Admin	4,010.08
			655331	Ret Ins-Regence HDHP Reinsur	1,237.66
			655332	Ret Ins-Regence Claims	136,903.36
			655333	Ret Ins-Regence Admin	9,630.53
			655334	Ret Ins-Regence Reinsur	2,061.62
			663010	Council Overhead Cost	14,291.00
			663015	Mayor Overhead Cost	19,171.00
			663025	Auditor Overhead Cost	9,973.00
			663040	Info Services Overhead Cost	12,402.00
			663045	Purchasing Overhead Cost	8.00
			663070	Mayor Finance Overhead Cost	17,675.00
Grand Total					4,312,111.47

Revenues (Over) / Under Expenditures	(216,529.74)
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SALT LAKE COUNTY

Statement of Fiduciary Net Position December 31, 2017

	OPEB Trust Fund	Agency Funds
Assets:		
Pooled cash and investments	\$ 322,410	\$ 105,060,125
Investments, at fair value:		
U.S. Treasury obligations	273,960	-
Corporate bonds	2,088,488	-
U.S. agency issues	1,355,227	-
Equity mutual funds	1,397,638	-
Total investments	5,115,313	-
Reinsurance receivable	29,973	-
Total assets	5,467,696	105,060,125
Liabilities:		
Benefits payable	44,773	-
Due to other governments and others	-	105,060,125
Total liabilities	44,773	105,060,125
Net position:		
Restricted for other postemployment benefits	\$ 5,422,923	\$ -

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

SALT LAKE COUNTY

Statement of Changes in Fiduciary Net Position Year Ended December 31, 2017

	<u>OPEB Trust Fund</u>
Additions:	
Employer contributions	\$ 3,526,404
Investment income:	
Net increase in fair value of investments	50,092
Interest	<u>90,150</u>
Net investment income	<u>140,242</u>
Total additions	3,666,646
Deductions:	
Benefit payments	3,246,028
Administrative expense	<u>204,086</u>
Total deductions	<u>3,450,114</u>
Net increase in net position	216,532
Net position restricted for other postemployment benefits - beginning	<u>5,206,391</u>
Net position restricted for other postemployment benefits - ending	<u><u>\$ 5,422,923</u></u>

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