

Santa Barbara Superior Court Other Post-Employment Benefits Funding Policy

County of Santa Barbara Superior Court Other Post-Employment Benefits (OPEB) Funding Policy

This proposed policy establishes a formal plan for funding Other Post-Employment Benefits (OPEB) for retired employees of the Santa Barbara Superior Court (Court), eligible for retiree health benefits.

BACKGROUND

Current Funding Methodology

The Court established an OPEB trust through Santa Barbara County Employee Retirement System (SBCERS). The purpose of a 401(h) trust is to provide for (OPEB) to retired employees of the Court. The Court is currently making contributions to the trust at the same time and in the same amount as retiree benefits and expenses become due (pay-as-you-go method). Additional trust contributions (in excess of 'pay-as-you-go' costs) have been made on an ad-hoc basis.

OPEB Trust & Liability Balances

The OPEB trust has now accumulated a total balance of over \$2.056 million as of June 30, 2025. The accumulated balance constitutes a percentage of approximately 29.9% of the total OPEB liability of \$6.872 million, lowering the net liability to \$4.815 million, as of the June 30, 2025 Court's consulting actuary (VIA Actuarial Solutions) report, which presents the Judicial Council of CA and the Court with OPEB financial reporting information determined under GASB 75.

GASB 75 Actuarial Valuation Report for Fiscal Year Ending June 30, 2025

	Increase (Decrease) for the Measurement Year		
	Total OPEB Liability	Plan Fiduciary	Net OPEB
	(a)	Net Position	Liability
		(b)	(c) = (a) - (b)
Balance for fiscal year ending 6/30/2024 (Measured at 6/30/2023)	\$ 6,837,113	\$ 1,779,263	\$ 5,057,850
Changes for the year:			
Service cost	73,193	-	73,193
Interest	467,616	-	467,616
Differences between expected and actual experience ¹	(45,576)	-	(45,576)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Employee contributions	-	-	-
Employer contributions	-	483,882	(483,882)
Net investment income	-	277,336	(277,336)
Other additions	-	-	-
Benefit payments ²	(460,166)	(460,166)	-
Administrative expense	-	(23,525)	23,525
Other deductions	-	-	-
Net changes	35,067	277,527	(242,460)
Balance for fiscal year ending 6/30/2025 (Measured at 6/30/2024)	\$ 6,872,180	\$ 2,056,790	\$ 4,815,390

¹ Due to the difference between expected and actual benefit payments during the measurement period ending 6/30/2024.

² Benefit payments to retirees during the measurement period ending 6/30/2024.

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BACKGROUND *(Continued)*

Governmental Accounting and Auditing Compliance

The Judicial Council of California procures actuarial services to help prepare the OPEB financial reporting information determined under Governmental Accounting Standards Board Statement No. 75 (GASB 75) for the Santa Barbara Superior Court. GASB 75 requires employers to provide details about their OPEB obligations. The information to be disclosed includes:

- Liabilities and funded status of the plan,
- The annual GASB 75 accounting expense, and
- Deferred inflows/outflows of resources

GASB 75 requires the total OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. The Court has elected to measure liabilities as of the end of the prior fiscal year.

Liabilities are based on the Entry Age Normal level percent of pay cost method. In this method, the actuarial Present Value of Benefits (PVB) for each individual is allocated as a level percent of pay from entry age (hire age, for most employees) to the last age with any future benefits. The portion of the PVB allocated to the valuation year is called the Normal Cost (NC). The portion of the PVB allocated to past years is called the Actuarial Accrued Liability (AAL) or the Total OPEB Liability (TOL).

Calculations and Eligibility

A retired member, or surviving spouse, who is receiving a lifetime monthly allowance from the Santa Barbara County Employees' Retirement System (SBCERS) and hired before 1/1/2019 is eligible to enroll in a health plan and receive the Court-provided subsidy. Employees hired on or after 1/1/2019 are no longer eligible. Upon retirement, for the Court-provided subsidy or access to the Court health plans.

If a Court Medical Plan is selected:

Monthly subsidy equal to \$15 per year of service.

If eligible for a disability retirement benefit, the monthly subsidy is at least \$187 per month, regardless of total service.

If a Non-Court Medical Plan is selected:

Monthly subsidy equal to \$4 per year of service.

The actual subsidy may not exceed the total retiree and dependent premiums for the plans elected (medical, dental, and vision).

The Court-provided subsidy continues for the life of the retiree. Upon the retiree's death, a surviving spouse is eligible to continue receiving the explicit subsidy times the survivor continuation percentage applicable for pension benefits, if they are receiving a monthly lifetime pension benefit from SBCERS.

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Funding Policy for OPEB Trust & Liabilities:

Beginning on July 1, 2026, and thereafter, the Court will continue to make contributions to the trust at the same time and in the same amount as retiree benefits and expenses become due (pay-as-you-go method). In addition, at year end closing of each fiscal year the Court will contribute funding above the fund balance cap as stated in GC 77203 to reduce the net OPEB Liability indicated in the most recent Actuarial Valuation of Other Postemployment Benefits (OPEB) report.

Funding Policy On-Hold for (FY) 2024-25 and 2025-26:

This funding policy will provide a minimum of baseline funding of at least 50% of total in the same amount as retiree benefits and expenses become due (pay-as-you-go method) for current retirees in FY 2024-2025 and 2025-2026. The remaining 50% of retiree benefits and expenses due for current retirees will be funded from the accumulated balance of \$2.056 million in the OPEB trust.