



AGENCY:	City Council/MID
MEETING DATE:	July 25, 2016
DEPARTMENT:	Finance
PREPARED BY:	V. Damiani
PRESENTED BY:	V. Damiani/ M. Oliver

AGENDA ITEM SUMMARY

TITLE:

RECEIVE PRESENTATION REGARDING OTHER POST-EMPLOYMENT BENEFITS (OPEB) ACTUARIAL VALUATION REPORT PREPARED BY BARTEL ASSOCIATES, LLC

ISSUE:

The City of Fort Bragg (City) and Fort Bragg Municipal Improvement District No. 1 (MID) provide healthcare benefits to eligible retirees. These benefits are also known as Other Post-Employment Benefits (OPEB). As required under Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB 45), the cost of an entity's OPEB obligation must be measured and reported on its annual financial reports. An Actuarial Valuation Report as of June 30, 2015 has been prepared by Bartel Associates, LLC (Attachment 1) and will be presented to the City Council/District Board in compliance with reporting requirements.

RECOMMENDED ACTION:

Receive and accept report as presented.

ALTERNATIVE ACTION(S):

Provide direction to staff to modify the assumptions used and resubmit the report.

ANALYSIS:

This item is for presentation of the GASB 45 actuarial study of the City's OPEB obligation. The purpose of this report is to provide the Council/MID Board with the actuarial study results required by GASB 45. GASB 45 addresses how public entities should account for and report their costs and obligations related to post-employment health care and other non-pension benefits.

In accordance with the requirements of GASB 45, the City and MID are required to account for the future costs of retiree health insurance benefits for qualified employees under the City's personnel policies. GASB now requires governmental units to expense such benefit obligations on the balance sheet when they are incurred rather than when they are paid. Annual funding requirements are based on a biannual actuarial study of future financial obligations. The actuarial study also determines the proper amount to be transferred to the Post-Employment Benefits Trust. The trust is a legal instrument designed to ensure that such funds are used only to pay for qualified retiree benefits in the future and to enhance the return on investment of idle funds for which significant payment of obligations will not occur for 5-10 years. The City has established a CalPERS California Employers' Retiree Benefit Trust (CERBT) fund and is making annual contributions to prefund its OPEB liabilities. As of February 29, 2016, the Trust account has a balance of \$1,276,620 including contributions, investment earnings and CERBT expenses.

Bartel Associates has prepared the attached Actuarial Valuation as of June 30, 2015. Marilyn Oliver will present the report, explain the changes in the assumptions used, the reasons for the changes and the effect of pre-funding the trust on the overall liability and the Annual Required Contribution.

FISCAL IMPACT:

None

IMPLEMENTATION/TIMEFRAMES:

None

ATTACHMENTS:

1. 6-30-15 OPEB Valuation Report

NOTIFICATION:

1. Marilyn Oliver

City Clerk's Office Use Only

Agency Action ☐ Approved ☐ Denied ☐ Approved as Amended

Resolution No.: _____ Ordinance No.: _____

Moved by: _____ Seconded by: _____

Vote: _____

☐ Deferred/Continued to meeting of: _____

☐ Referred to: _____