



Lou Ann Texeira  
 Executive Officer

**MEMBERS**

<b>Candace Andersen</b> <i>County Member</i>	<b>Federal Glover</b> <i>County Member</i>
<b>Donald A. Blubaugh</b> <i>Public Member</i>	<b>Michael R. McGill</b> <i>Special District Member</i>
<b>Tom Butt</b> <i>City Member</i>	<b>Rob Schroder</b> <i>City Member</i>
<b>Igor Skaredoff</b> <i>Special District Member</i>	

**ALTERNATE MEMBERS**

**Diane Burgis**  
*County Member*

**Stanley Caldwell**  
*Special District Member*

**Charles R. Lewis, IV**  
*Public Member*

**Sean Wright**  
*City Member*

February 13, 2019 (Agenda)

February 13, 2019  
 Agenda Item 10

Contra Costa Local Agency Formation Commission  
 651 Pine Street, Sixth Floor  
 Martinez, CA 94553

**Actuarial Valuation – Post-Employment Healthcare Benefits**

Dear Members of the Commission:

Contra Costa LAFCO provides post-employment healthcare benefits for its retired employees and their spouses and dependents. LAFCO currently funds the employer’s share of these benefits for the three retirees. In order to fund this benefit and minimize future liabilities to LAFCO, in FY 2011-12, the Commission initiated a plan to fund future costs. LAFCO participates in a trust to hold the funds, and conducts an actuarial valuation as required to calculate the future liability for retiree healthcare and other post-employment benefits and the employer’s annual contribution rate.

In FY 2011-12, LAFCO began funding its post-employment healthcare liability at \$10,000 per year. In 2014, LAFCO entered into an agreement with Contra Costa County and the Public Agencies Post-Retirement Health Care Plan Trust (“Trust”) administered by Public Agency Retirement Services (PARS).

In order to participate in the PARS trust, and to comply with federal accounting rules Government Accounting Standard Board Statement 45 (GASB 45), which require LAFCO to disclose any unfunded post-employment benefits in its annual audits, LAFCO entered into an agreement with the California School Boards Association and the actuarial firm of Demsey, Filliger & Associates, LLC to prepare an actuarial report. If an employer has less than 100 “plan members” it is eligible to prepare an alternative measurement method (AMM) report in lieu of an actuarial valuation. The information contained in the AMM is also used in preparing LAFCO’s annual audits and budgets.

In March 2014, LAFCO completed its first AMM report, and in September 2016, LAFCO completed its second AMM report. Previously, LAFCO was required to prepare an AMM report at least every three years due to having fewer than 200 members. However, the law recently changed and LAFCO must now prepare an AMM at least every other year.

In December 2018, LAFCO completed its third AMM report. The report shows an Employer-Paid Accrued Liability of \$513,413, an unfunded accrued liability of \$380,867, and an actuarially determined contribution of \$43,396, as reflected in the AMM report and on the GASB 75 AMM Summary (attached).

In FY 2015-16, following completion of its first AMM, the Commission increased its annual funding from \$10,000 to \$40,000 per year. As of June 30, 2017, LAFCO has accrued \$132,546 (including interest earned), which is held in the PARS trust account and reflected in the 2017 AMM report.

**RECOMMENDATION:** Receive report.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachment – GASB 75 AMM Summary



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**GASB 75 AMM Summary**

The components of Contra Costa Local Agency Formation Commission's net OPEB liability are as follows:

Total OPEB liability	513,413
Plan fiduciary net position	132,546
Net OPEB liability (asset)	\$380,867
Measurement date	June 30, 2017
Reporting date	June 30, 2018

The following shows Contra Costa Local Agency Formation Commission's present value of future benefits, total OPEB liability, and normal cost as of July 1, 2017 (June 30, 2017):

	<i>Actives</i>	<i>Retirees</i>	<i>Total</i>
Employer present value of future benefits	450,849	168,356	619,205
Employer Total OPEB Liability	345,057	168,356	513,413
Employer Normal Cost	29,086	0	29,086

**Actuarially Determined Contribution**

The following shows the actuarial determined contribution for year ending June 30, 2018:

Service Cost	29,368
Net OPEB Liability Amortization Payment (30-year)	14,028
Total	\$43,396

Valuation Date	July 1, 2017
Discount Rate	4.00%
Salary Increases	3.00%