

AGENDA ITEM 1 G  
Consent Item

**MEMORANDUM**

**DATE:** June 1, 2017

**TO:** El Dorado County Transit Authority

**FROM:** Julie Petersen, Fiscal Administration Manager

**SUBJECT:** California Employer's Retiree Benefit Trust Program (CERBT) funding for Other Post-Employment Benefits Funding (OPEB)

**REQUESTED ACTION:**  
**BY MOTION,**

1. **Approve Prefunding of Other Post-Employee Benefit Program for fiscal year ending June 30, 2017 in the amount of \$51,092**
2. **Authorize Executive Director to execute all documents necessary for continued participation**

**BACKGROUND**

In July 2004, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. GASB 45 mandates disclosure of Other Post-Employment Benefits (OPEB) liabilities for public employees. OPEB may include benefits such as medical, dental, prescription drug, vision and life insurance plans. GASB 45 establishes a standard for measuring and reporting the liability of retirement benefits other than pensions however; it does not require funding the liability.

During Fiscal Year (FY) 2007/08 El Dorado Transit contracted with California Public Employers' Retirement System (CalPERS) to provide cost effective medical insurance for the unrepresented employee group (23 employees). CalPERS contractually requires El Dorado Transit to contribute an amount towards the cost of retiree medical coverage as a condition of participating in the CalPERS medical plans. There are two (2) eligible retirees who have elected coverage. Monthly cost to the agency is currently at the lowest level possible of \$56.25 per eligible retiree. This contribution is based on a formula and increases a modest amount each year.

On August 5, 2010 the Board adopted resolution 10-10 to pre-fund the OPEB future liability by placing assets in the CERBT program to allow for a manageable dollar amount to be budgeted each year for contributions to build reserves and earn interest to

offset the cost of the program. A thirty (30) year amortization period is consistent with the anticipated retirement trend of current employees.

- February 4, 2016 Board Accepted the current Valuation of OPEB for fiscal years 2015/16 and 2016/17 and adopted resolution No. 16-09 approving the prefund amounts.

**DISCUSSION**

The El Dorado Transit continuing retiree health plan allows eligible retirees to enroll in the agency group medical plan through CalPERS at time of separation or at any subsequent open enrollment period. The plan includes only medical insurance coverage excluding other possible retiree benefits e.g. dental, vision, etc. Since plan inception in 2007, two (2) eligible participants have elected coverage however; three (3) eligible retirees may enroll during any open enrollment period. There are twenty-three (23) current employees who are qualified, and nine (9) who may retire within the next five (5) years. These employees have the option to continue their medical coverage under this plan.

Actuarial valuations are used as a method of verifying the changing conditions of an agency’s employee statistics that impact the annual cost of OPEB and outstanding obligations or future potential liabilities. CalPERS requires an actuarial valuation every two (2) years under the CERBT pooling program.

El Dorado Transit contracted Bickmore to complete an actuarial valuation of other post-employment benefits to capture and report the current and future potential liabilities of this benefit. This report provides statistics as of July 1, 2015 for the years ending June 30, 2016 and June 30, 2017.

Staff is requesting the approval to prefund OPEB in the amount of \$51,092 for FY 2016/17.

**FISCAL IMPACT**

Fiscal Year 2016/17 Mid-Year Budget adopted on March 2, 2017 includes this amount.

		<u>Budgeted</u>
5020.02	OPEB Prefund	\$51,092