



Lou Ann Texeira
Executive Officer

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December 11, 2013 (Agenda)

December 11, 2013
Agenda Item 8

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 three retirees; in addition, LAFCO currently employs two full-time employees.

In order to fund this benefit and minimize future fiscal impacts to LAFCO, the Commission initiated a plan to fund future costs associated with this benefit. LAFCO is not required to fund the liability, but has elected to do so. To date, the Commission has set aside a total of \$30,000 for this purpose. The funds are currently in the LAFCO fund balance account.

LAFCO staff has explored trust options for holding LAFCO’s assets to pay post-employment healthcare benefits. The preferred option is to participate with Contra Costa County in the Public Agencies Retirement Services (PARS). PARS is a direct trust administrative provider, and not a broker.

In order to participate in the PARS trust program, LAFCO must first conduct an actuarial valuation to calculate the future liability for retiree healthcare and other post-employment benefits. The calculations will project the liability for active employees during their retirement, and for any retired employees who elect to receive post-employment benefits.

Federal accounting rules - Government Accounting Standard Board Statement 45 (GASB 45) - require LAFCO to disclose any unfunded post-employment benefits in its annual audits. If the employer has less than 100 “plan members” it is eligible for an approved alternative measurement method (AMM) to comply with GASB 45.

LAFCO staff has contacted two actuarial valuation firms that offer qualified AMM services.

- California Special Districts Association (CSDA) has teamed with the California School Boards Association and the actuarial firm of Demsey, Filliger & Associates, LLC to provide an AMM service at a flat fee of \$1,500.
- Milliman, a national actuarial consulting firm, also offers an AMM service for a fee of \$2,200.

Pursuant to the Commission's policies and procedures (1.5 Budget and Financial Procedures, section G Accounting and Financial Policies and Procedures, subsection 5, Contract Approval and Execution), the Commission delegates to the Executive Officer the authority to approve and execute contracts, agreements and amendments for \$5,000 or less, provided sufficient funds are contained in the appropriate line item in the LAFCO budget.

Adequate funds are included in the FY 2013-14 budget to fund an actuarial valuation.

LAFCO Executive Officer staff will proceed with retaining Demsey, Filliger & Associates, LLC to provide an AMM actuarial valuation at the cost of \$1,500.

RECOMMENDATION: Receive report and provide comments.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER