

County Connection

INTER OFFICE MEMO

To: Administration and Finance Committee

Date: August 6, 2014

From: Kathy Casenave, Director of Finance *KC*

Reviewed by:

SUBJECT: PARS OPEB TRUST AND OPEB LIABILITY

Summary of Issues:

Staff recently received the PARS Annual Account Report for the period 7/1/2013 to 6/30/2014. The transactions for FY 2014 were:

| | |
|--------------------------------|--------------------|
| July 1, 2013 Beginning Balance | \$1,165,830 |
| Earnings | 109,334 |
| Expenses | -7,909 |
| FY 2014 contribution | 367,000 |
| June 30, 2012 Ending Balance | <u>\$1,634,255</u> |

The A&F Committee selected the Moderately Conservative Index PLUS investment option. The dual goals of this strategy are current income and moderate capital appreciation. The allocation for this option is 20-40% equity, 50-80% fixed income and 0-20% cash.

The investment rate of return for FY 2014 was 9.11%. For FY 2013 it was 5.62%; FY 2012, 4.55%; for FY 2011, the first full year of the trust, it was 8.77%. The 3 year annualized return is 6.41%.

The current actuarial valuation report, dated April, 2014, uses a 5.5% discount rate and is the basis for reporting OPEB liabilities for the FY 2014 and FY 2015 financial statements. The Annual Required Contribution is \$486,697, which consists of the actual amount paid for retiree medical premiums during the fiscal year and the accrued expense to fund future years. Although there is no requirement to actually fund the ARC, it has been Board policy to do so. The FY 2014 amounts:

| | |
|------------------------------------|-----------------|
| Medical Premiums Paid for Retirees | \$118,538 |
| Contribution to PARS trust | <u>367,000</u> |
| Total Retiree Medical Costs paid | 485,538 |
| ARC | 486,697 |
| Underpayment for FY 2014 | 1,159 |
| OPEB Liability as of June 30, 2013 | <u>3,209</u> |
| OPEB Liability as of June 30, 2014 | <u>\$ 4,368</u> |

ISSUES: None. Information only.

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
PARS GASB 45 Program

Annual Account Report for the Period
7/1/2013 to 6/30/2014

Rick Ramacier
General Manager
Central Contra Costa Transit Authority
2477 Arnold Industrial Way
Concord, CA 94520

Account Summary

| Source | Beginning Balance as of 7/1/2013 | Contributions | Earnings | Expenses | Distributions | Transfers | Ending Balance as of 6/30/2014 |
|-----------------------|--|---------------------|---------------------|-------------------|---------------|---------------|--------------------------------------|
| Employer Contribution | \$1,165,830.47 | \$367,000.00 | \$109,333.58 | \$7,908.98 | \$0.00 | \$0.00 | \$1,634,255.07 |
| Totals | \$1,165,830.47 | \$367,000.00 | \$109,333.58 | \$7,908.98 | \$0.00 | \$0.00 | \$1,634,255.07 |

Investment Selection

Central Contra Costa Transit Authority 115 Trust

Investment Objective

Individual account based on Moderately Conservative Index PLUS. The dual goals of the Moderately Conservative Strategy are current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.

Investment Return

| 1-Month | 3-Months | 1-Year | Annualized Return | | | Inception Date |
|---------|----------|--------|-------------------|---------|----------|----------------|
| | | | 3-Years | 5-Years | 10-Years | |
| 0.58% | 2.30% | 9.11% | 6.41% | N/A | N/A | 6/28/2010 |

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past Performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.

Inception Date: Plans inception date