

*Handout*

*Agenda Item*

3

*Date* August 23, 2018

# Accounting for Other Post Employment Benefits

## GASB 75 Implementation

# CERBT Investment Rate of Return

Three investment strategies available:

Asset Classification	Strategy 1	Strategy 2	Strategy 3
Global Equity	57%	40%	24%
Fixed Income	27%	39%	39%
Global Real Estate/ REIT	8%	8%	8%
Treasury Inflation Protected Securities (TIPS)	5%	10%	26%
Commodities	3%	3%	3%

# CERBT Investment Rate of Return

District chose Strategy 2 which has expected rate of return of:

	Strategy 1	Strategy 2	Strategy 3
Expected Long-Term Rate of Return	7.28%	6.73%	6.12%
Standard Deviation of Expected Returns	11.74%	9.32%	7.14%



# CERBT Investment Rate of Return

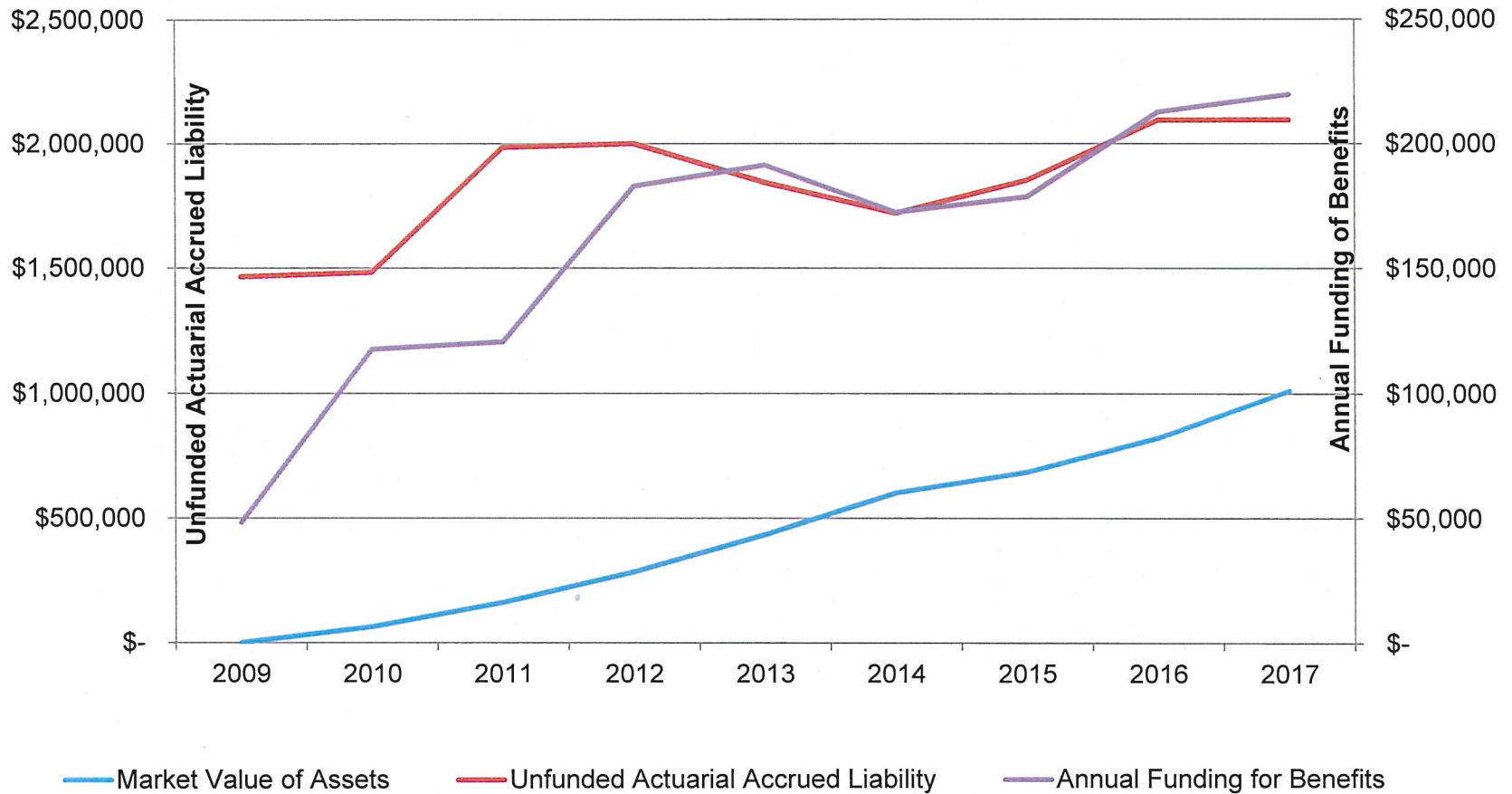
Actual rate of return for Strategy 2:

	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception (October 1, 2011)
Gross Return	6.28%	6.46%	4.74%	5.61%	7.61%
Net Return	6.20%	6.37%	4.65%	5.51%	7.50%
Benchmark Return	5.93%	6.04%	4.29%	5.19%	7.29%

# District Funding of OPEB

Fiscal Year End	Annual Funding for Benefits	Market Value of Assets	Unfunded Actuarial Accrued Liability	Covered Lives
2009	\$ 48,274	\$ -	\$ 1,465,852	31
2010	\$ 117,653	\$ 63,348	\$ 1,482,985	31
2011	\$ 120,626	\$ 160,698	\$ 1,985,486	33
2012	\$ 182,994	\$ 285,231	\$ 2,000,604	33
2013	\$ 191,420	\$ 433,543	\$ 1,844,973	33
2014	\$ 172,467	\$ 601,454	\$ 1,721,266	33
2015	\$ 178,737	\$ 684,028	\$ 1,854,011	40
2016	\$ 212,594	\$ 822,086	\$ 2,093,879	40
2017	\$ 219,673	\$ 1,010,968	\$ 2,094,980	43

# Funding of OPEB Liability





# OPEB Liability and Future Funding

- **Unfunded Liability**
  - Recognize unfunded liability of \$1,716,981 on balance sheet as of June 30, 2018
  - Funding status is 37%
- **Actuarial Determined Contribution**
  - Based on covered retirees and current employees
  - Estimated rate of return on investment assets
  - Amortization period

# OPEB Liability and Future Funding

- Actuarial Determined Contribution
  - Amount for 2018/19 is \$228,225
  - Amount for 2019/20 is \$250,335
- Items for Board Consideration
  - Investment Strategy options
  - Amortization period options
  - Annual funding amount
- Next valuation will be based on 12/31/2018 census data