

# MORAGA-ORINDA FIRE DISTRICT DISTRICT POLICY 15

## OPEB FUNDING POLICY

### **Purpose:**

In order to assure that the District's Other Post-Employment Benefits (OPEB) program is financially sustainable, the District should accumulate adequate resources in a systematic and disciplined manner over the active service life of benefitting employees. The OPEB Funding Policy documents the method the District will use to determine its actuarially determined contributions to fund the long-term cost of benefits to District employees and retirees.

### **POLICY:**

#### **OPEB Actuarially Determined Contribution (ADC)**

The District will engage an actuary to complete an actuarial valuation and determine the District's ADC on an annual basis. The actuary will calculate the ADC to include the normal cost for current service and amortization of the unfunded liability. The ADC will be calculated using a discount rate of 6.25%. The normal cost will be calculated using the entry age normal cost method. Asset gains or losses will be recognized over five years so as to reduce the effects of market volatility and stabilize contributions. The unfunded liability will be amortized over a 20-year closed period beginning with the first amortization in the fiscal year ending June 30, 2018.

The District will review the actuarial valuations to validate the completeness and accuracy of the employee census data and the reasonableness of the actuarial assumptions. Actuarial assumptions are subject to revision as actual results are compared to past expectations and new estimates are made about the future.

#### **Funding the ADC**

The District will appropriate the full ADC in the annual budget. This will include the full contribution to the District's OPEB trust account and the actual health benefit costs of OPEB for retirees.

#### **Transparency and Reporting**

Funding of the District's OPEB should be transparent to all parties including the public, District employees and retirees. In order to achieve this transparency, the following information shall be available:

- The actuarial valuation shall be made available
- The Annual Comprehensive Financial Report shall be made available and published on the District's website. The Annual Comprehensive Financial Report includes information on the District's OPEB plan, contributions to the OPEB trust, and the funded status of the plan.
- The annual operating budget shall include appropriations for contributions to the OPEB trust and actual health benefit costs of OPEB for retirees.
- The fiscal year annual OPEB trust account statement showing investment return and annual account activity shall be made available on the Consent Calendar in the Board meeting packet.

#### **Review of OPEB Funding Policy**

Funding OPEB requires a long-term plan. The District will review this policy on an annual basis when the actuarial valuation is prepared to determine if changes to this policy are necessary to ensure adequate resources are being accumulated to fund OPEB benefits.