



Presentation Item 7

Receive Pension Reporting Standards
Government Accounting Standards Board
Statement No. 68 Accounting Valuation
Report

December 17, 2018, Regular Board Meeting
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What is GASB

- Established in 1984, the Governmental Accounting Standards Board (GASB) is the independent, private-sector organization, that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP)

What is GASB 68

- In June 2012, GASB approved new reporting statement, GASB No. 68
- To be implemented by June 30, 2015 financials
- Record net pension obligations on financial statements
- District has complied since FY 2014-2015 financial statements

PERS Retirement

- District provides pension benefits to employees through CalPERS:

Classic members (prior to January 1, 2013)

- 2% @55 PERS formula

PEPRA members (after January 1, 2013)

- 2% @62 PERS formula

PERS Retirement

■ Classic Member Employer/Employee contribution sharing

	2017-18		2018-19	
	District	Employee	District	Employee
ER	5.921%	3.000%	4.409%	5.000%
EE	4.000%	3.000%	4.000%	3.000%
Normal Cost	\$243,926	\$149,975	\$208,630	\$198,480
UAL	\$231,892		\$285,580	
Total Cost	\$475,818	\$149,975	\$494,210	\$198,480

PERS Pension Liability

■ What is Net Pension Liability:

- Difference of TPL – FNP = NPL

■ Total Pension Liability (TPL)

- The portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service as of the measurement date

PERS Pension Liability

■ Fiduciary Net Position (FNP)

- The actual amount of assets held in the pension trust for a plan as of the measurement date (Also called the market value of assets)

■ Net Pension Liability (NPL)

- The difference between the Total Pension Liability and the Fiduciary Net Position as of the measurement date

PERS Pension Liability

■ Net Pension Liability (3-years):

Measurement Date	06/30/2015	06/30/2016	06/30/2017
NPL	\$3,548,843	\$4,496,774	\$5,202,822
Change		+\$947,931	+\$706,048
Disc. Rate	7.65%	→ 7.65%	→ 7.15% ←
Invest. Rate	2.40%	0.60%	← 11.20%
Fund Status	76.80%	71.70%	73.30%

PERS Pension Liability

■ Change in liability:

■ \$947,931 (2016) ↑

■ Investment rate 0.60% against expected return 7.65%

■ \$706,048 (2017) ↑

■ Discount changes from 7.65% to 7.15%

■ Change offset by investment rate 11.20% against expected return 7.15%

PERS Pension Liability

■ Potential future impacts:

- Investment rate 8.60% against expected return of 7.15%
- Mortality adjustment (2018)
- Discount rate change to 7.00% (2018-2021)
- Amortization period change (2021)

PERS Pension Liability

■ Total net investment return:

Period	Rate
2018 (preliminary)	8.6%
2017	11.2%
2016	0.6%
2015	2.4%
2014	18.4%

Period	Rate
3 years	4.6%
5 years	8.8%
10 years	4.4%
20 years	6.6%
Inception (1988)	8.4%

PERS Retirement

- Projected future employer contributions for classic members:

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
ER	5.221%	5.900%	5.900%	5.900%	5.900%	5.900%
EE	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%
Normal Cost	\$210,059	\$210,059	\$210,059	\$210,059	\$210,059	\$210,059
UAL	\$355,862	\$400,000	\$453,000	\$497,000	\$523,000	\$550,000
Total Cost	\$565,921	\$610,059	\$663,059	707,059	733,059	760,059

PERS Pension Liability

■ What has the District done:

- Created reserve to address unfunded pension obligation (\$100,000 2018-2019)
- Staff will present additional funding strategies at a later date

Recommendation

- Staff recommends receiving pension reporting standards Government Accounting Standards Board Statement No. 68 Accounting Valuation Report

For More Information

- Staff reports and presentation materials can be found on the District's website at:

www.mpwmd.net

- PowerPoint presentations will be posted on the website the day after the meeting