



Ironhouse Sanitary District BOARD OF DIRECTORS *STAFF REPORT*

DATE: June 2, 2020

TO: Members of the Board of Directors

FROM: Michael Welty, CPA

SUBJECT: Pre-Fund Other Post-Employment Benefits (OPEB)

On May 1, 2007 (Resolution 07-09), the Ironhouse Board of Directors executed an agreement with CalPERS to prefund other post-employment benefits through CalPERS. The effective date of the agreement is August 17, 2007.

In accordance with Section C (5) of the agreement, ISD is required to make a minimum contribution to the plan equal to ISD's Annual Required Contribution (ARC) as determined by ISD's current actuarial study of retiree health liabilities. However, with the change from GASB 45 to GASB 74 and 75 (effective June 30, 2018), Annual Required Contribution is no longer a concept under these government standards.

For FY 19/20, management is recommending a contribution is made to the plan sufficient to meet the FY 19/20 budget amount of \$350,000. ISD has satisfied \$283,000 of the FY 19/20 budget by paying current year medical premiums for retirees. To fully fund the plan based on FY 19/20 budget, ISD would need to make a contribution to the plan in the amount of \$67,000. Management recommends payment in the amount of \$67,000 be made to CalPERS in June 2020.