

Projected Changes in Fund Balances - Fund 657 Other Post Employment Benefits

To account for the accumulation of resources for the payment of retiree health and life insurance benefits. The City contribution represents the amount required to maintain the actuarial soundness of the plan.

	2007-08 Actual	2008-09 Actual	2009-10 Budget	2010-11 Budget	% of Total	% Change from 2009-10
Beginning Balance	\$ -	2,688,520	8,546,235	13,093,653	-	-
Revenues/Sources						
Investment Income	67,709	332,346	490,000	1,034,000	9.8%	111.0%
Miscellaneous Revenues	7,400,476	10,451,067	9,084,000	9,549,580	90.2%	5.1%
Total Revenues	7,468,185	10,783,413	9,574,000	10,583,580	100.0%	10.5%
Expenditures/Uses						
General Gov. Services	4,779,665	4,925,698	5,026,582	6,370,887	100.0%	26.7%
Total Expenditures	4,779,665	4,925,698	5,026,582	6,370,887	100.0%	26.7%
Excess (Deficit)	2,688,520	5,857,715	4,547,418	4,212,693		
Ending Balance	\$ 2,688,520	8,546,235	13,093,653	17,306,346		
Percent Change	-	217.9%	53.2%	32.2%		

Note(s):

This fund was established as a result of GASB 45 - "Accounting for Other Post Employment Benefits Other Than Pension." The effective date of implementation was fiscal year 2007-08. The City is required to actuarially fund its retiree health and life insurance costs over the working life of the employee, similar to a pension fund. The Other Post Employment Benefits (OPEB) Fund is a relatively young plan, which means that the current claims are lower than the contributions made into the plan.

The fund balance for fiscal year 2008-09 increased by \$5.9 million due to the City's efforts to fund a higher portion of the annual required contribution.

The fund balance for fiscal year 2009-10 is projected to increase by \$4.5 million, which is \$1.3 million less than fiscal year 2008-09 due to an anticipated reduction in city contribution associated with adjustments to the actuarial assumptions, such as the discontinuation of OPEB benefit to bargaining members of the General Employees Union who retire after July 1, 2010.

Investment Income for 2010-11 assumes a 6% rate of return. Miscellaneous Revenues consist of City contributions of \$9.1 million, a \$0.3 million increase over prior year, and \$0.3 million in retiree contributions to the post employment health insurance plan.

Expenditures are expected to increase by \$1.3 million in 2010-11 due to an increase in the number of retirees and an assumed 11% inflation on health insurance claims.