Consent Agenda Item

DATE: September 18, 2019

TO: Templeton Community Serviced District Board of Directors

FROM: Natalie Klock, Finance Officer

SUBJECT: Strategic Financial Policy Revision to the OPEB Trust Strategy

RECOMMENDED ACTION:
That the Board of Directors, by motion, approve Resolution No. 13-2019, amending the Strategic Financial Policies to include an annual review of the OPEB Trust Strategy.

Motion: _______________________

FISCAL IMPACT:
There is no direct fiscal impact.

BACKGROUND:
During the Fiscal Year 19/20 Budget workshop staff was asked to revise the Strategic Financial Policy to include an annual review of the District’s OPEB Trust Strategy. In June 2017 the District entered into an agreement with the CalPERS CERBT Program at Asset Allocation Strategy #2. The CERBT Fund is a Section 115 trust fund dedicated to prefunding Other Post-Employment Benefits. The CalPERS program offers three diversified allocation strategies that invest in five common asset classes: Commodities, Fixed Income, Global Equity, Global Public Real Estate Investment Trusts and Treasury Inflation Protected Securities. Each strategy offers a different long-term expected return and return volatility. Attached is updated wording to the District’s Strategic Financial Plan to include a review of the District’s Asset Allocation Strategy by the Administrative and Finance Committee on an annual basis.
TEMPLETON COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 13-2019

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TEMPLETON COMMUNITY SERVICES DISTRICT AMENDING
DISTRICT STRATEGIC FINANCIAL POLICIES

WHEREAS, on March 15, 2016, the Board of Directors of the Templeton Community Services District adopted Resolution No. 4-2016, adopting the Strategic Financial Policies and an Amendment on May 15, 2018, Resolution No. 8-2018; and

WHEREAS, the Board of Directors of the Templeton Community Services District desires to modify the Strategic Financial Policies;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Templeton Community Services District that it hereby adopts a minor revision to the Strategic Financial Policies attached hereto as Exhibit A.

BE IT FURTHER RESOLVED, to the extent that the terms and provisions of this resolution may be inconsistent or in conflict with the terms or conditions of any prior District resolutions, rules or regulations governing the same subject, the terms of this resolution shall prevail with respect to the subject matter thereof and such inconsistent or conflicting provisions of prior resolutions, rules or regulations are hereby repealed.

PASSED AND ADOPTED by the Board of Directors of the Templeton Community Services District on October 1, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:
Debra Logan Petersen, President
Templeton Community Services District

ATTEST:

By: ____________________________
   Laurie Ion,
   Board Secretary
Department heads in conjunction with the Finance Officer and with the approval of the General Manager may transfer funds between line items within the same fund without approval from the Board as long as the overall funds budget amount does not increase. Any approved transfer of funds between line items will be reported in that month’s Treasurer’s Report.

The budget shall include a long range economic outlook discussion and trends of revenues and expenditures by fund. This fiscal outlook shall include a discussion of any potentially needed revenue rate adjustments by fund.

F. RETIREE OPEB (OTHER POST EMPLOYEE BENEFITS) FUND

Per GASB 74 the District must report Postemployment Benefits on its financial statements. Currently the District is “pay as you go” meaning it pays retiree health insurance each month as it is due.

Target- FY 2016/17 budget a 1% contribution of each fund’s OPEB allocation amount. This contribution amount will be increased annually by 1% until such time the District is contributing an amount equal to 10% for each fund. In June 2017 The District entered into an agreement with the CalPERS CERBT Program, shall select an OPEB investment tool at Asset Allocation Strategy #2, by January 2017. The District will continue to pay retiree health insurance as “pay as you go” and continue to invest into an OPEB investment program until such time the account is 100% funded. Each year the Finance and Administration Committee will review the CERBT Asset Allocation Strategy and may make recommendations to change the strategy based on the performance of the Asset Allocation Strategies available to the District.

The District’s OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined every three years. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

As of June 30, 2015 the current OPEB liability for each District fund is:

- Water Fund- $457,141
- Wastewater Fund- $221,706
- Drainage Fund- $876
- Solid Waste Fund- $26,207
- Administration Fund- $621,063
- Fire Fund- $331,384
- Park & Recreation Fund- $255,034

For example the Water Fund would contribute: