

**City of Stamford OPEB - GASB Annual Required Contribution (ARC)
FY 2014/2015**

						% Contribution	80%
Mayor's Proposed Budget FY14/15 (80%)							
CERF							
	City	BOE	WPCA	Police	Fire	Grand Total	
Net ARC at 100%	3,944,000	466,000	189,000	4,077,000	3,169,000	11,845,000	
Net ARC at 80%	3,155,200	372,800	151,200	3,261,600	2,535,200	9,476,000	
City	3,155,200			3,261,600	2,535,200	8,952,000	
BOE		372,800				372,800	
WPCA			151,200			151,200	
Total FY14/15	3,155,200	372,800	151,200	3,261,600	2,535,200	9,476,000	

						% Contribution	70%
Adopted Budget FY13/14 (70%)							
CERF							
	City	BOE	WPCA	Police	Fire	Grand Total	
Net ARC at 100%	4,649,000	480,000	250,000	3,665,000	2,733,000	11,777,000	
Net ARC at 70%	3,254,300	336,000	175,000	2,565,500	1,913,100	8,243,900	
City	3,254,300			2,565,500	1,913,100	7,732,900	
BOE		336,000				336,000	
WPCA			175,000			175,000	
Total FY13/14	3,254,300	336,000	175,000	2,565,500	1,913,100	8,243,900	

						% Contribution	70%
Revised Budget FY13/14 (70%)							
CERF							
	City	BOE	WPCA	Police	Fire	Grand Total	
Net ARC at 100%	3,955,000	434,000	179,000	4,092,000	3,083,000	11,743,000	
Net ARC at 70%	2,768,500	303,800	125,300	2,864,400	2,158,100	8,220,100	
City	2,768,500			2,864,400	2,158,100	7,791,000	
BOE		303,800				303,800	
WPCA			125,300			125,300	
Total FY13/14	2,768,500	303,800	125,300	2,864,400	2,158,100	8,220,100	

						% Contribution	70%
Mayor's Proposed Budget Variance to Revised							
CERF							
	City	BOE	WPCA	Police	Fire	Grand Total	
Net ARC at 100%	(11,000)	32,000	10,000	(15,000)	86,000	102,000	
Variance as %	-0.28%	7.37%	5.59%	-0.37%	2.79%	0.87%	
Net ARC	386,700	69,000	25,900	397,200	377,100	1,255,900	
Variance as %	13.97%	22.71%	20.67%	13.87%	17.47%	15.28%	
City	386,700			397,200	377,100	1,161,000	
Variance as %	13.97%			13.87%	17.47%	14.90%	
BOE		69,000				69,000	
WPCA			25,900			25,900	
Total	386,700	69,000	25,900	397,200	377,100	1,255,900	

City of Stamford, Connecticut

Required Supplementary Information - Schedule of Funding Progress
 Other Post Employment Benefits Trust Fund
 Last Three Fiscal Years

Valuation Date	Actuarial		Excess (Unfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Excess (Unfunded) Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
OPEB						
July 1, 2012	\$ 19,041,000	\$ 285,530,000	\$ (266,489,000)	6.7 %	\$ 235,779,000	(113.0) %
July 1, 2011	10,988,000	321,215,000	(310,227,000)	3.4	225,626,000	(137.5)
July 1, 2010	3,906,000	298,344,000	(294,438,000)	1.3	215,910,000	(136.4)

OPEB Funding Notes:

Overview:

City, WPCA, and BoE make contributions to OPEB on behalf of their employees. Contributions are made to fund the long-term obligation (Net OPEB Obligation as described in the F2012 CAFR on page 70) by making contributions based on a percentage of the Annual Required Contributions (the ARC) as determined by the outside actuaries based on actuarial and investment returns assumptions agreed to by the City and the Boards. The percentage of the ARC to be funded has been mandated by ordinance (and phased in for budgeting and financial planning purposes).

For each of the City's fiscal years the minimum percentage contribution of the ARC is as follows:

- Commencing on July 1, 2010 (F2011) n/a
- Commencing on July 1, 2011 (F2012) 55%
- Commencing on July 1, 2012 (F2013) 60%
- Commencing on July 1, 2013 (F2014) 70%
- Commencing on July 1, 2014 (F2015) 80%
- Commencing on July 1, 2015 (F2016) 90%
- Commencing on July 1, 2016 (F2017) 100%

Funding:

The City's practice has been to make the ARC contribution in late July or early August as cash is available after funding the City's pension obligations.

The benefits being paid to current retirees and their beneficiaries (OPEB Short-Term) are funded by contributions from retirees (who contribute toward the cost of the benefits being provided) and by City contributions that are estimated and budgeted by OPM for each fiscal year. The bulk of the funding for these benefits is paid at the same time as the ARC contribution (as noted above). The balance of the funding, as budgeted, is contributed at the beginning of the fourth quarter of the fiscal year as benefits payouts are tracked and estimates are revised.

Note 3 - Detailed Notes on All Funds (Continued)

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the City provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees' covered and the percentage of contribution, if any, to the cost of health care benefits. Contributions by the City may vary according to length of service. The cost of providing post-employment health care benefits is shared between the City and the retired employee. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. The cost of retiree health care benefits is recognized as an expenditure as claims are paid.

The City's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The City is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. The contribution requirements of plan members and the City are established and may be amended by the City. The assumed health care cost trend rates, representative of the future expected increases in net medical premiums are as follows:

Year Ended June 30,	Assumed Increase
2014	7.50 %
2015	7.00
2016	6.50
2017	6.00
2018	5.50
2019	5.00
2020	4.50

City of Stamford, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the level percentage of payroll method with an open amortization approach with 20 years in the amortization period. The actuarial assumptions included a 7.5% investment rate of return, 3.5% payroll growth assumption and an inflation rate assumption of 3%. The actuarial cost method utilized was the projected unit credit method. Separate financial statements have not been prepared for the postemployment benefit plan.

The number of participants as of June 30, 2013 was as follows:

	Governmental Activities	Business-type Activities	Total Primary Government
Active Employees	3,181	34	3,215
Retired Employees	1,160	8	1,168
Total	4,341	42	4,383

	Governmental Activities	Business-type Activities	Total Primary Government
Amortization Component			
Actuarial Accrued Liability as of July 1, 2012	\$ 282,637,000	\$ 2,893,000	\$ 285,530,000
Assets at Market Value	18,848,000	193,000	19,041,000
Unfunded Actuarial Accrued Liability ("UAAL")	\$ 263,789,000	\$ 2,700,000	\$ 266,489,000
Funded Ratio	6.67%	6.67%	6.67%
Covered Payroll (Active plan members)	\$ 233,559,000	\$ 2,220,000	\$ 235,779,000
UAAL as a Percentage of Covered Payroll	112.94%	121.62%	113.02%
Annual Required Contribution	\$ 29,810,000	\$ 462,000	\$ 30,272,000
Interest on Net OPEB Obligation	2,627,000	3,000	2,630,000
Adjustment to Annual Required Contribution	(2,567,000)	303,000	(2,264,000)
Annual OPEB Cost	29,870,000	768,000	30,638,000
Contributions Made	(18,992,000)	(343,000)	(19,335,000)
Increase in Net OPEB Obligation	10,878,000	425,000	11,303,000
Net OPEB Obligation - Beginning of Year	35,063,000	-	35,063,000
Net OPEB Obligation - End of Year	\$ 45,941,000	\$ 425,000	\$ 46,366,000

City of Stamford, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

	Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Governmental Activities	2013	\$ 29,870,000	63.58 %	\$ 45,941,000
	2012	28,817,000	69.59	35,063,000
	2011	25,455,000	73.36	26,299,000
Business-type Activities	2013	\$ 768,000	44.66 %	\$ 425,000
	2012	-	-	-
	2011	-	-	-

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

Net Pension Obligation

The net pension obligation represents a \$43,900 pension fund liability due to the Classified Employees' Retirement Fund and the Firefighters' Pension Trust Fund. Financial reporting requirements for net pension fund obligations fall under the purview of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

Claims Payable

The Internal Service funds reflect medical benefits for City and BOE employees, risk management, disputed assessments and heart and hypertension claims which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.