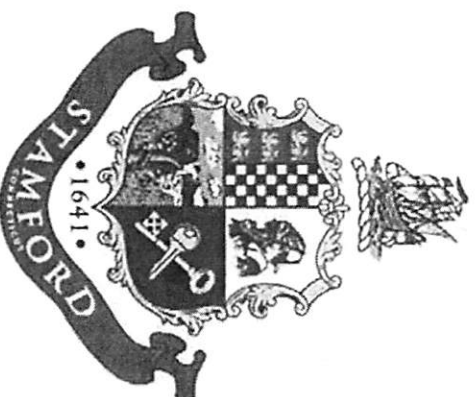


Pension & OPEB Budget Implications

**An Overview
for**

**BOR Fiscal Committee
April 11, 2019**



Fiscal Year 2019/2020 - Program Detail Report

3/8/2019 - 5:11:12 PM

Fund: 0001 General Fund
Office: 008 Office of Benefits & Insurance
Dept/Div: 0402 Human Resources
Program: 8401 Pensions

Ref #	Account Title	FY 16/17 Actual	FY 17/18 Actual	FY 18/19			FY 19/20			
				Adopted Budget	Revised Budget	Projected Exp & Enc	Department Request	Mayor's Proposed	\$ Var Projected	% Var Projected
01484012302	Classified Pension Fund	0	43,276	0	0	39,176	2,210,369	2,210,369	2,171,193	5542.2%
01484012304	Fire Pension Fund	0	0	0	0	0	3,041,762	3,041,762	3,041,762	100.0%
01484012305	Police Pension Fund	0	0	0	0	0	3,379,406	3,379,406	3,379,406	100.0%
01484012310	CERF Pension UAL Amortization	0	0	0	0	0	3,069,186	3,069,186	3,069,186	100.0%
01484012311	Fire Pension UAL Amortization	0	0	0	0	0	5,766,238	5,766,238	5,766,238	100.0%
01484012312	Police Pension UAL Amortization	0	0	0	0	0	5,517,594	5,517,594	5,517,594	100.0%
Retirement Benefits		0	43,276	0	0	39,176	22,984,555	22,984,555	22,945,379	58570.0%
Total Operating Cost		0	43,276	0	0	39,176	22,984,555	22,984,555	22,945,379	58570.0%

Fiscal Year 2019/2020 - Program Detail Report

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Fund: 0001 General Fund
Office: 008 Office of Benefits & Insurance
Dept/Div: 0402 Human Resources
Program: 8403 OPEB (Other Post Employment Benefits)

Ref #	Account Title	FY 16/17 Actual	FY 17/18 Actual	FY 18/19			FY 19/20			
				Adopted Budget	Revised Budget	Projected Exp & Enc	Department Request	Mayor's Proposed	\$ Var Projected	% Var Projected
01484032410	CERF OPEB Service Cost	0	0	0	0	0	3,015,726	3,015,726	3,015,726	100.0%
01484032411	Fire OPEB Service Cost	0	0	0	0	0	2,532,463	2,532,463	2,532,463	100.0%
01484032412	Police OPEB Service Cost	0	0	0	0	0	3,334,700	3,334,700	3,334,700	100.0%
01484032420	CERF OPEB UAL Amortization	0	0	0	0	0	5,492,004	5,492,004	5,492,004	100.0%
01484032421	Fire OPEB UAL Amortization	0	0	0	0	0	7,798,537	7,798,537	7,798,537	100.0%
01484032422	Police OPEB UAL Amortization	0	0	0	0	0	4,664,300	4,664,300	4,664,300	100.0%
Retirement Benefits		0	0	0	0	0	26,837,730	26,837,730	26,837,730	100.0%
Total Operating Cost		0	0	0	0	0	26,837,730	26,837,730	26,837,730	100.0%

Fiscal Year 2019/2020 - Line Item Summary All Funds (Appendix B)

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Line Item	FY 16/17 Actual	FY 17/18 Actual	FY 18/19			FY 19/20				
			Adopted Budget	Revised Budget	Projected Exp & Enc	Department Request	Mayor's Proposed	% of Total	\$ Variance Projected	% Var Projected
2511 Fire Tuition	0	0	0	0	0	77,062	77,062	0.01%	77,062	100.0%
3305 EAP Programs	10,000	15,000	20,000	20,000	20,000	54,000	54,000	0.01%	34,000	170.0%
8911 Labor Contract Estimate	7,321,445	344,556	0	0	1,192,138	0	0	0.00%	-1,192,138	-100.0%
Total Employee Benefits	69,290,435	61,863,352	63,651,293	63,651,293	64,966,669	67,712,525	67,672,525	9.04%	2,705,856	4.2%
Retirement Benefits										
1505 Deferred Compensation	227,545	223,987	350,861	350,861	325,601	375,217	375,217	0.05%	49,616	15.2%
2302 Classified Pension Fund	2,411,000	2,632,045	2,429,853	2,429,853	2,450,106	2,377,425	2,377,425	0.32%	-72,681	-3.0%
2304 Fire Pension Fund	2,659,000	3,610,860	2,893,540	2,893,540	2,893,540	3,041,762	3,041,762	0.41%	148,222	5.1%
2305 Police Pension Fund	3,886,000	4,053,160	3,496,556	3,496,556	3,496,556	3,379,406	3,379,406	0.45%	-117,150	-3.4%
2310 CERF Pension UAL Amortizat	2,497,000	2,697,955	4,112,971	4,112,971	4,112,971	3,307,563	3,307,563	0.44%	-805,408	-19.6%
2311 Fire Pension UAL Amortizati	2,481,000	3,369,140	5,175,460	5,175,460	5,175,460	5,766,238	5,766,238	0.77%	590,778	11.4%
2312 Police Pension UAL Amortiza	4,017,000	4,221,840	5,214,444	5,214,444	5,214,444	5,517,594	5,517,594	0.74%	303,150	5.8%
2406 OPEB Contribution	6,119	0	0	0	0	0	0	0.00%	0	0.0%
2410 CERF OPEB Service Cost	2,340,000	2,503,000	2,552,725	2,552,725	2,523,915	3,233,796	3,233,796	0.43%	709,881	28.1%
2411 Fire OPEB Service Cost	1,619,000	1,871,000	2,026,000	2,026,000	2,018,891	2,532,463	2,532,463	0.34%	513,572	25.4%
2412 Police OPEB Service Cost	2,371,000	2,585,000	2,791,000	2,791,000	2,791,000	3,334,700	3,334,700	0.45%	543,700	19.5%
2420 CERF OPEB UAL Amortizatio	4,669,000	5,354,000	5,146,000	5,146,000	5,209,803	5,914,598	5,914,598	0.79%	704,795	13.5%
2421 Fire OPEB UAL Amortization	3,823,000	4,570,000	4,834,000	4,834,000	4,842,109	7,798,537	7,798,537	1.04%	2,956,428	61.1%
2422 Police OPEB UAL Amortizati	5,506,000	6,594,000	6,400,000	6,400,000	6,402,000	4,664,300	4,664,300	0.62%	-1,737,700	-27.1%
2600 Classified 401A Match	142,003	207,503	229,801	229,801	162,905	256,654	256,654	0.03%	93,749	57.5%
Total Retirement Benefits	38,654,667	44,493,490	47,653,211	47,653,211	47,619,301	51,500,253	51,500,253	6.88%	3,880,952	8.1%
Payments to Insurance Fund										
5240 Payments to Insurance Fund	10,599,105	10,502,633	9,831,300	9,831,300	9,831,210	10,055,408	10,055,408	1.34%	224,198	2.3%
Total Payments to Insurance Fund	10,599,105	10,502,633	9,831,300	9,831,300	9,831,210	10,055,408	10,055,408	1.34%	224,198	2.3%
Purchased Other Services										
3203 Civil Service Exams	220,558	197,583	353,000	353,000	353,000	266,510	266,510	0.04%	-86,490	-24.5%
3407 Soil Testing	0	0	0	0	0	145,000	145,000	0.02%	145,000	100.0%
3411 Bank Fees - Credit Cards	275,363	291,059	271,500	271,500	288,500	321,500	321,500	0.04%	33,000	11.4%
3703 Bank Fees	0	194,330	0	0	76,000	50,000	50,000	0.01%	-26,000	-34.2%
4425 Animal Sanctuary	15,000	0	15,000	15,000	15,000	15,000	15,000	0.00%	0	0.0%

Fiscal Year 2019/2020 - Line Item Summary by Fund (Appendix A)

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Fund: 0001 General Fund

Line Item	FY 16/17 Actual	FY 17/18 Actual	FY 18/19			FY 19/20				
			Adopted Budget	Revised Budget	Projected Exp & Enc	Department Request	Mayor's Proposed	% of Total	\$ Variance Projected	% Var Projected
1920 Police Accumulative Leave	0	0	0	0	0	300,000	280,000	0.05%	280,000	100.0%
1921 Fire Accumulative Leave	0	0	0	0	0	23,304	23,304	0.00%	23,304	100.0%
2120 Active Medical & Life	23,218,717	23,944,857	22,930,114	22,930,114	22,930,114	24,186,795	24,186,795	4.01%	1,256,681	5.5%
2400 College Tuition	126,394	99,559	156,062	156,062	149,300	0	0	0.00%	-149,300	-100.0%
2401 MAA Training - Tuition	50,000	28,104	50,000	50,000	50,000	50,000	50,000	0.01%	0	0.0%
2403 UAW Training - Tuition	70,492	82,930	100,000	100,000	100,000	100,000	100,000	0.02%	0	0.0%
2404 UE Training-Tuition	2,709	0	20,000	20,000	20,000	20,000	20,000	0.00%	0	0.0%
2405 NUR Training-Tuition	73,847	38,179	60,000	60,000	60,000	60,000	60,000	0.01%	0	0.0%
2407 DEN Training-Tuition	0	0	5,000	5,000	5,000	5,000	5,000	0.00%	0	0.0%
2500 Unemployment Comp	278,412	247,558	194,723	194,723	194,723	272,224	272,224	0.05%	77,501	39.8%
2510 Police Tuition	0	0	0	0	0	79,000	79,000	0.01%	79,000	100.0%
2511 Fire Tuition	0	0	0	0	0	77,062	77,062	0.01%	77,062	100.0%
3305 EAP Programs	10,000	15,000	20,000	20,000	20,000	54,000	54,000	0.01%	34,000	170.0%
8911 Labor Contract Estimate	7,321,445	344,556	0	0	1,192,138	0	0	0.00%	-1,192,138	-100.0%
Total Employee Benefits	31,704,255	25,428,560	24,035,899	24,035,899	25,351,275	25,487,385	25,447,385	4.22%	96,110	0.4%
Retirement Benefits										
1505 Deferred Compensation	217,033	210,257	336,018	336,018	310,758	359,946	359,946	0.06%	49,188	15.8%
2302 Classified Pension Fund	2,193,718	2,413,552	2,207,151	2,207,151	2,246,327	2,210,369	2,210,369	0.37%	-35,958	-1.6%
2304 Fire Pension Fund	2,659,000	3,610,860	2,893,540	2,893,540	2,893,540	3,041,762	3,041,762	0.50%	148,222	5.1%
2305 Police Pension Fund	3,886,000	4,053,160	3,496,556	3,496,556	3,496,556	3,379,406	3,379,406	0.56%	-117,150	-3.4%
2310 CERF Pension UAL Amortizat	2,336,858	2,524,925	3,852,985	3,852,985	3,852,985	3,069,186	3,069,186	0.51%	-783,799	-20.3%
2311 Fire Pension UAL Amortizati	2,481,000	3,369,140	5,175,460	5,175,460	5,175,460	5,766,238	5,766,238	0.96%	590,778	11.4%
2312 Police Pension UAL Amortiza	4,017,000	4,221,840	5,214,444	5,214,444	5,214,444	5,517,594	5,517,594	0.91%	303,150	5.8%
2410 CERF OPEB Service Cost	2,107,112	2,253,889	2,301,988	2,301,988	2,301,988	3,015,726	3,015,726	0.50%	713,738	31.0%
2411 Fire OPEB Service Cost	1,619,000	1,871,000	2,026,000	2,026,000	2,018,891	2,532,463	2,532,463	0.42%	513,572	25.4%
2412 Police OPEB Service Cost	2,371,000	2,585,000	2,791,000	2,791,000	2,791,000	3,334,700	3,334,700	0.55%	543,700	19.5%
2420 CERF OPEB UAL Amortizatio	4,320,182	4,954,006	4,760,718	4,760,718	4,824,521	5,492,004	5,492,004	0.91%	667,483	13.8%
2421 Fire OPEB UAL Amortization	3,823,000	4,570,000	4,834,000	4,834,000	4,842,109	7,798,537	7,798,537	1.29%	2,956,428	61.1%
2422 Police OPEB UAL Amortizati	5,506,000	6,594,000	6,400,000	6,400,000	6,402,000	4,664,300	4,664,300	0.77%	-1,737,700	-27.1%

Fiscal Year 2019/2020 - Line Item Summary by Fund (Appendix A)

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Fund: 0001 General Fund

Line Item	FY 16/17 Actual	FY 17/18 Actual	FY 18/19			FY 19/20				
			Adopted Budget	Revised Budget	Projected Exp & Enc	Department Request	Mayor's Proposed	% of Total	\$ Variance Projected	% Var Projected
2600 Classified 401A Match	142,003	205,333	227,619	227,619	157,299	246,850	246,850	0.04%	89,551	56.9%
Total Retirement Benefits	37,678,906	43,436,961	46,517,479	46,517,479	46,527,878	50,429,081	50,429,081	8.36%	3,901,203	8.4%
Payments to Insurance Fund										
5240 Payments to Insurance Fund	10,407,797	10,267,523	9,583,249	9,583,249	9,583,159	9,783,894	9,783,894	1.62%	200,735	2.1%
Total Payments to Insurance Fund	10,407,797	10,267,523	9,583,249	9,583,249	9,583,159	9,783,894	9,783,894	1.62%	200,735	2.1%
Purchased Other Services										
3203 Civil Service Exams	220,558	197,583	353,000	353,000	353,000	266,510	266,510	0.04%	-86,490	-24.5%
3407 Soil Testing	0	0	0	0	0	145,000	145,000	0.02%	145,000	100.0%
3411 Bank Fees - Credit Cards	50,683	63,276	47,000	47,000	64,000	57,000	57,000	0.01%	-7,000	-10.9%
3703 Bank Fees	0	194,330	0	0	76,000	50,000	50,000	0.01%	-26,000	-34.2%
4425 Animal Sanctuary	15,000	0	15,000	15,000	15,000	15,000	15,000	0.00%	0	0.0%
4430 Unclaimed Bodies	0	0	2,400	2,400	15,000	30,000	20,000	0.00%	5,000	33.3%
5100 Transportation	160,052	46,575	60,000	60,000	60,000	60,000	60,000	0.01%	0	0.0%
5400 Advertising/Official Notices	84,379	76,466	63,150	63,150	63,150	82,350	74,350	0.01%	11,200	17.7%
5405 Postage	183,488	171,058	217,750	217,750	211,400	215,225	212,225	0.04%	825	0.4%
8823 Investigations	23,738	21,990	27,000	27,000	27,000	27,000	27,000	0.00%	0	0.0%
8830 Travelers Clinics	25,000	19,233	0	0	0	0	0	0.00%	0	0.0%
8832 Program Services	17,341	16,417	19,000	19,000	19,000	21,475	21,475	0.00%	2,475	13.0%
8833 Busing	47,060	57,817	60,000	60,000	60,000	66,550	66,550	0.01%	6,550	10.9%
8906 Relocation Expense	16,711	66,425	50,000	50,000	50,000	50,000	50,000	0.01%	0	0.0%
Total Purchased Other Services	844,009	931,170	914,300	914,300	1,013,550	1,086,110	1,065,110	0.18%	51,560	5.1%
Purchased Professional Services										
3001 Professional Consultant	1,528,981	1,395,282	1,647,640	1,634,640	1,642,204	1,866,404	1,816,404	0.30%	174,200	10.6%
3002 Stenographic Service	28,902	23,909	31,000	31,000	33,000	33,000	33,000	0.01%	0	0.0%
3003 Professional Medical Care	1,596,593	1,604,160	1,662,500	1,662,500	1,662,500	1,734,028	1,734,028	0.29%	71,528	4.3%
3006 Legal Expenses	0	0	0	0	75,000	175,000	175,000	0.03%	100,000	133.3%
3009 Actuarial Services	74,002	73,000	90,000	90,000	90,000	90,000	90,000	0.01%	0	0.0%
3010 Audit/Accounting Services	150,000	180,000	180,000	180,000	180,000	180,000	180,000	0.03%	0	0.0%
3302 Recruitment & Hiring	110,092	113,724	135,000	135,000	132,500	145,000	145,000	0.02%	12,500	9.4%

Pension and OPEB ADC by Year

Budget Year	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total									
Pension	23,788	23,344	21,753	19,312	18,271	17,184	15,951	13,220	11,858
% Increase	1.9%	7.3%	12.6%	5.7%	6.3%	7.7%	20.7%	11.5%	
OPEB	27,478	23,390	23,331	20,200	18,378	17,368	14,750	13,361	10,438
% Increase	17.5%	0.3%	15.5%	9.9%	5.8%	17.7%	10.4%	28.0%	
Total	51,266	46,734	45,084	39,512	36,649	34,552	30,702	26,581	22,295
% Increase	9.7%	3.7%	14.1%	7.8%	6.1%	12.5%	15.5%	19.2%	
Average			12.5%						
			17.0%						
Changes in \$ amount									
Pension	444	1,591	2,441	1,041	1,087	1,233	2,731	1,362	
OPEB	4,088	59	3,131	1,822	1,010	2,618	1,390	2,923	
Total	4,532	1,650	5,572	2,863	2,097	3,850	4,121	4,285	

Rate of Return Assumptions

	Valuation Year	2018	2017	2016	2015	2014	2013	2012	2011
	Budget year	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Custodial		7.10%	7.20%	7.50%	7.50%	7.625%	7.75%	7.75%	8.00%
CERF		7.10%	7.20%	7.50%	7.625%	7.625%	7.75%	7.75%	8.00%
Police		7.10%	7.20%	7.20%	7.50%	7.63%	7.75%	7.75%	8.00%
Fire		7.10%	7.20%	7.25%	7.25%	7.25%	7.75%	7.75%	8.00%
OPEB		7.10%	7.20%	7.50%	7.50%	N/A	N/A		

Police Pension Trust Fund

July 1, 2018 Valuation - Summary of Results

Conversion results: Accrued Liability +1.29%; Total Normal Cost -0.56%

Experience loss = \$(269)K overall

Gains from deferred retirements, beneficiary mortality
Losses from Medicare B premium, 17 new members,
2 retirements at young ages, retiree mortality

	2017 Valuation	2018 Valuation: No Changes (V0)	2018: Remove Medicare Part B (V1)	2018: Interest Rate = 7.1% (V2)	2018: Inflation Rate = 2.60% (V3)
Interest rate assumption	7.20%	7.20%	7.20%	7.10%	7.10%
Market Value of Assets, Prior July 1	186,944,990	202,493,336	202,493,336	202,493,336	202,493,336
Employer Contribution	7,903,000	8,275,000	8,275,000	8,275,000	8,275,000
Employee Contribution	1,302,140	1,369,773	1,369,773	1,369,773	1,369,773
Benefit Payments	(13,782,624)	(14,417,321)	(14,417,321)	(14,417,321)	(14,417,321)
Administrative Expenses	(249,825)	(300,014)	(300,014)	(300,014)	(300,014)
Net Investment Return	20,375,655	18,688,574	18,688,574	18,688,574	18,688,574
Market Value of Assets, July 1	202,493,336	216,109,348	216,109,348	216,109,348	216,109,348
Actuarial Value of Assets, Prior July 1	206,260,036	213,613,510	213,613,510	213,613,510	213,613,510
Expected Return on Actuarial Value	14,960,827	15,503,812	15,503,812	15,503,812	15,503,812
Expected Actuarial Value, July 1	216,393,554	224,044,760	224,044,760	224,044,760	224,044,760
Actual Market Value, July 1	202,493,336	216,109,348	216,109,348	216,109,348	216,109,348
20% of Difference	(2,780,044)	(1,587,082)	(1,587,082)	(1,587,082)	(1,587,082)
Preliminary Actuarial Value	213,613,510	222,457,678	222,457,678	222,457,678	222,457,678
30% corridor	1.05	1.03	1.03	1.03	1.03
Final Actuarial Value	213,613,510	222,457,678	222,457,678	222,457,678	222,457,678
Ratio Actuarial / Market	105%	103%	103%	103%	103%
Accrued Liability	263,886,403	276,954,606	272,050,353	275,160,755	275,160,755
Actuarial Value of Assets	213,613,510	222,457,678	222,457,678	222,457,678	222,457,678
Unfunded Accrued Liability	50,272,893	54,496,928	49,592,675	52,703,077	52,703,077
Amortization Period	15	15	15	15	15
Amortization Rate	0.00%	0.00%	0.00%	0.00%	0.00%
Amortization Payment	5,214,201	5,652,309	5,143,650	5,437,084	5,437,084
Total Normal Cost	4,407,403	4,466,768	4,433,187	4,515,298	4,515,298
Expected Employee Contributions	1,284,847	1,410,892	1,410,892	1,410,892	1,410,892
Expected Administrative Expenses	288,000	275,000	275,000	275,000	275,000
Net City Normal Cost	3,410,556	3,330,876	3,297,295	3,379,406	3,379,406
Amortization Payment	5,214,201	5,652,309	5,143,650	5,437,084	5,437,084
Preliminary Contribution	8,624,757	8,983,185	8,440,945	8,816,490	8,816,490
Rounded to nearest \$1k	8,625,000	8,983,000	8,441,000	8,816,000	8,816,000
Inflation Assumption	2.75%	2.75%	2.75%	2.75%	2.60%
Timing Adjustment	86,000	84,000	83,000	85,000	81,000
Actuarially Determined Contribution	8,711,000	9,067,000	8,524,000	8,901,000	8,897,000

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