



OLYMPIC VALLEY PUBLIC SERVICE DISTRICT BOARD REPORT



SUBJECT: OPEB 115 Trust Fund Annual Report and
Policy Review

EXHIBIT: F-7, 4 Pages

AUTHOR: Danielle Mueller, CFO

MEETING DATE: October 27, 2026

RECOMMENDED ACTION: Staff recommends retaining OPEB 115 Trust Funding Policy Funding Policy as is and authorize contributions of \$12,780 to the Utility & Admin CERBT and \$15,318 to the Fire CERBT.

DISCUSSION:

GASB 75 overview: Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," went into effect for reporting periods beginning after June 15, 2017. GASB 75 improves transparency and accountability in the financial reporting of Other Post Employment Benefit (OPEB) obligations, enabling stakeholders to assess the long-term fiscal health of government entities. OPEB liabilities represent the present value of the projected future benefit payments to employees.

Governments are required to measure and report their OPEB liabilities and expenses using an actuarial method. OPEB typically includes healthcare benefits, life insurance, and other benefits provided to retired government employees. The District contracts with Foster & Foster Actuaries and Consultants for \$3,570 annually to perform the required actuarial evaluation for financial statements and audit.

OVPD's OPEB Liability:

The District's only OPEB obligation is participation with the CalPERS Health Program under the Public Employees' Medical & Hospital Care Act (PEMHCA). PEMHCA requires employers to contribute to retiree health insurance premiums, provided retirees maintain CalPERS coverage.

- The PEMCHA contribution for 2026 is \$162 per month per retiree, increasing annually for inflation.
- As of June 30, 2026, the District's total unfunded OPEB liability is \$1,167,597: Fire is \$805,642, and Utility & Admin is \$361,955

115 Trust (CERBT):

In June 2022, the District opened an OPEB 115 Trust with CalPERS, called a California Employers' Retiree Benefit Trust (CERBT), and contributed \$25,000 for both the Utility / Admin and Fire Departments. As of June 30, 2026 the CERBT corpus is \$240,388.

The CERBT is a special irrevocable trust fund allowing state and local agencies to prefund their OPEB obligations by investing employer contributions into public market securities.

Contributions to the CERBT reduce the District's OPEB liability by allowing actuaries to assume a discount rate of 6.75% instead of 2.2%.

- **Trust FY2026 Earnings** (net administrative expenses):

- Fire Department: \$22,127.80
- Utility & Admin Department: \$22,741.11

Fire Department: Since the earnings of \$22,128 exceeded the \$9,682 paid to CalPERS for retirees' health care in FY2026, reimbursement is triggered. The District will request reimbursement of \$9,682 from the Trust.

Utility & Admin Department: Since the earnings of \$22,741 exceeded the \$12,220 paid to CalPERS for retirees' health care in FY2026, reimbursement is triggered. The District will request reimbursement of \$12,220 from the Trust.

Additionally, the OPEB 115 policy stipulates an annual Board review and consideration of a \$50,000 contribution to the CERBT (e.g., \$25,000 for the Utility/Admin and Fire Departments). A \$12,780 contribution is needed for the Utility & Admin Trust; this will, in effect, count for the \$12,220 reimbursement owed. A \$15,338 is needed for the Fire Trust; this will, in effect, count for the \$9,662 reimbursement owed.

The trust is currently earning 9.15% annually, significantly outperforming the 3.94% annual return on funds held with Placer County.

FISCAL/RESOURCE IMPACTS: A \$50,000 investment in the CERBT is estimated to earn \$4,575 annually, compared to \$1,970 in interest earnings if invested with Placer County. Investment management fees for the CERBT are low at 0.08% annually (\$80 per \$100,000).

The District has approximately \$8 million in reserve funds for Water and Sewer. There is approximately \$2.5 million in the Fire Reserves. These funds are unrestricted and available for use, primarily for capital replacements.

STRATEGIC PLAN ALIGNMENT:

Focus Area: Finance | **Goal:** Maintain excellence in financial management and reporting.

ATTACHMENTS: Other Post-Employment Benefit (OPEB) 115 Trust Funding Policy (2 pages).

DATE PREPARED: October 14, 2026

Policy 2050 OPEB 115 Trust

The Other Post-Employment Benefit (OPEB) 115 Trust Funding Policy of the District is reviewed by staff on a continual basis and submitted annually (with suggested changes, if appropriate) to the Board of Directors for approval.

PURPOSE

The purpose of the Trust is to achieve long-term growth of Trust assets by maximizing long-term rate of return on investments and minimizing risk of loss to fulfill the District's stated objectives for the Trust to fund the District's OPEB obligations.

The purpose of this Policy Statement is to establish clear guidelines on how the returns achieved from the investment of the Trust assets will be applied.

The District has separately established an investment policy that meets its current investment goals. Refer to the most current Investment Policy for more detailed information regarding investment standards.

SCOPE

This Policy Statement applies exclusively to the Trust.

POLICY

It is the District's intent and determination that the corpus of the trust shall remain intact unless otherwise determined by the District's Board of Directors. Such intent is for the purpose of ensuring that the District has the necessary funds to meet its OPEB obligations irrespective of the economic conditions at any given time.

The annual earnings achieved from the investment of the Trust's assets, determined as of June 30 of each fiscal year, shall be allocated in accordance with the following guidelines as determined by the District:

1. If the annual earnings achieved from the investment of the Trust's assets are less than the annual OPEB payment (e.g., annual employer contributions to retiree health premiums), then 100% of the Trust's annual earnings will be added to the Trust's corpus.
2. If the annual earnings achieved from the investment of the Trust's assets are more than the annual OPEB payment, then the annual earnings will be used to reimburse the District for its annual employer contributions to retiree health premiums.

The District will annually contribute \$50,000 to the Trust. To continue to achieve annual interest earnings in an amount equal to, or greater than, the District's annual OPEB payment, the District will continue to annually contribute \$50,000 to the Trust for five years after the first year annual earnings achieved from the investment of the Trust's assets equal, or exceed, the then-current annual OPEB payment.

Additional Discretionary Payments (ADPs) may be made from time to time with either budgeted or one-time resources, with the objective of increasing the annual earnings achieved from the investment of the Trust's assets. The actual dollar amount of available one-time funds will be presented to the Board of Directors with a recommendation as to how much shall be contributed to the OPEB 115 Trust. This

recommendation will be based on the dollars available, other competing priorities, and input from the Board of Directors.

TRANSPARENCY AND REPORTING

Funding and funded status of the District's OPEB plan should be transparent to interested parties, including plan participants, the Board of Directors, and the District's customers. To achieve this transparency, the following information shall be available:

1. Copies of the annual actuarial valuations for the District's OPEB plan shall be made available to the Board of Directors
2. The District's independently audited Annual Comprehensive Financial Report shall be published on its website. This report includes information on the District's annual contributions to retiree health premiums and OPEB 115 Trust funding.
3. The District's annual operating budget shall include the District's required contributions to retiree health plans and any budgeted contributions to the OPEB 115 Trust.
4. The District shall periodically, but no less than annually, report to the Board of Directors on the OPEB 115 Trust assets, annual earnings achieved from the investment of the Trust's assets, and OPEB payments (e.g., annual employer contributions to retiree health premiums).

(Adopted 02-22-2022, Revised 05-30-2023, Reviewed 10-31-23, Reviewed 01-28-25, Reviewed 09-30-2025)