



Livermore Area Recreation and Park District Pension Obligation Bonds

Financial Summary

LARPD Board Meeting: 8/25/21

AGENDA ITEM 4.2

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(By operating unit, partial year FY21-22 (Sept-June) and first 12 months)
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Pension Obligation Bonds (POB) - Highlights / Overview

- ✓ Unfunded Accrued Actuarial Liability (UAAL) as of 12/31/20: \$13.275 million
- ✓ % of UAAL funded by the issuance of POBs: 95%
- ✓ Total Bond Issue: \$12.875 million
- ✓ Credit Rating: AA
- ✓ Total Interest Cost: 2.5% (vs ACERA's internal rate of return of 7.0%)
- ✓ Term: 17 years

- ✓ Uses of Bond Proceeds:

ACERA UAAL Reduction	\$12.611 million
Costs of Issuance	\$ 0.264 million

- ✓ Impact on FY21-22 expenses: increase of \$41k (only 10 months of ACERA savings)
- ✓ Impact on FY22-23 expenses: reduction of \$274k
- ✓ Present Value of Savings over life of the Bonds: \$3.5million

- ✓ Employer Contribution Rate (% of salary) Reduction (ACERA), FY21-22:
 - Before POB: 45.49% (weighted average over all tiers)
 - After POB: 16.51%

- ✓ Estimated pay-off of remaining UAAL: FY 2024-25

Comments / Notes

1. ACERA's revisions to the District's contribution rates will take effect in September (timing is consistent with the Pension Plan's annual rate revisions).

2. Debt Service on the Pension Obligation Bonds – calculations reviewed and validated with James Marta (Audit partner) and PFM (financial advisors)

- a. Timing of payments will be February and August, with interest paid semiannually and principal paid annually (in August);
- b. In accounting for our debt service, after consultation with our audit partner, the District will book interest expense each month but will report debt service when paid.

3. Impact on the District's ACERA Contribution Rates (effective Sept '21):

ACERA Tier	Before	After
Tier 1	42.96%	14.88%
Tier 3	48.02%	19.94%
Tier 4	41.21%	13.13%

Overview of June, 2021 Pension Obligation Bonds' Impact on the General Fund, FY20-21 through FY22-23

Per General Fund Accounting (audit process will result in accrual accounting based view - "other financing sources and uses" will be on the Balance Sheet)

Net Impact on Income Statement - FY20-21

	dr	cr	
Other Financing Sources - POB		\$12,875,000	Total amount of Bonds Sold
Other Financing Uses - POB	\$12,611,250		Funds sent to ACERA to pay down 95% of the UAAL of \$13.3 million (bond Proceeds net of cost of issuance)
Professional Services Expense	\$263,750		Cost of Issuance (Bond counsel, Financial Advisors, Underwriter's discount, etc..)
	<u>\$12,875,000</u>	<u>\$12,875,000</u>	
Net increase/(decrease) to Net Contribution:		<u>\$0</u>	

Net Impact on Income Statement - FY21-22

- Monthly savings, effective Sept '21 \$85,789 < based on existing pensioned employee data (salaries, current and revised contr rates)
- ACERA expense savings for FY21-22 \$857,885 < 10 months

Net impact on Income Statement - FY21-22

	dr	cr	
ACERA Retirement Expense		\$857,885	Expense reduction (credit)
Debt Service - POB Interest	\$239,262		
POB Interest Payable	\$660,000		
	<u>\$899,262</u>	<u>\$857,885</u>	

Net increase/(decrease) to Net Contribution: **(\$41,377)**

Net Impact on Income Statement - FY22-23

Note: in FY22-23, when a full year of ACERA savings is realized, the Impact to the Net Contribution will be favorable:

Net impact on Income Statement - FY22-23

	dr	cr	
ACERA Retirement Expense		\$1,029,462	Expense reduction (credit) before assuming any increase in what would have been the District's contribution rates
ACERA Retirement Expense		\$51,473	Additional expense reduction (credit) IF we assume a modest increase of 5% in what would have been the District's contribution rates
Debt Service - POB Interest	\$257,195		
POB Interest Payable	\$550,000		
	<u>\$807,195</u>	<u>\$1,080,935</u>	

Net increase/(decrease) to Net Contribution: **\$273,741**

Livermore Area Recreation and Park District (LARPD)

Impact of POB-Financed 95% reduction to the Unfunded Actuarial Accrued Liability (UAAL) with ACERA

# of EEs	2%											
	Annual Salaries		Sal w COLA from Sept-June	ER Contribution Rate		ER Contribution / Yr			ER Contrib - FY21-22 (Sep21-Jun22)			
	Current	W Cola		Current	After POB	Current	After POB	Reduction	Current	After POB	Reduction	
DISTRICT TOTALS	41	\$3,594,295	\$3,666,176	\$3,055,147	45.49%	16.51%	\$1,634,872	\$605,409	\$1,029,462	\$1,362,393	\$504,508	\$857,885
01-Administration	6	\$769,177	\$784,561	\$653,801	43.23%	14.30%	\$332,535	\$112,230	\$220,305	\$277,113	\$93,525	\$183,587
05-Building Maintenance	6	\$505,648	\$515,760	\$429,800	46.12%	17.13%	\$233,190	\$88,364	\$144,825	\$194,325	\$73,637	\$120,688
07-Park Operations	6	\$447,616	\$456,567	\$380,473	47.35%	18.34%	\$211,935	\$83,731	\$128,204	\$176,612	\$69,776	\$106,837
09-Extended Student Services	15	\$1,022,299	\$1,042,743	\$868,953	44.39%	15.44%	\$453,750	\$160,948	\$292,802	\$378,125	\$134,124	\$244,002
16-Open Space	1	\$82,056	\$83,697	\$69,748	48.98%	19.94%	\$40,191	\$16,689	\$23,502	\$33,493	\$13,908	\$19,585
32-Community Outreach	3	\$362,835	\$370,092	\$308,410	48.98%	19.94%	\$177,718	\$73,796	\$103,922	\$148,098	\$61,497	\$86,602
31-Recreation Administration	4	\$404,664	\$412,756	\$343,963	45.85%	16.87%	\$185,552	\$69,650	\$115,902	\$154,627	\$58,042	\$96,585

Calculations are done at the individual level - this report hides those details.

Does not consider Steps that will be paid in January, 2022, for eligible staff, though a minority of ACERA participants are still eligible for them. Result is that savings will be even greater than represented here, but not by a material amount.

DEBT SERVICE ROLL-FORWARD by month - Government (Fund) Accounting View *

* confirmed w Audit partner - as opposed to full accrual accounting

FY 2021-22													
	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	TOTAL
Interest	\$0.00	\$23,131.81	\$21,686.07	\$21,686.07	\$21,686.07	\$21,686.07	\$21,686.07	\$21,686.07	\$21,503.47	\$21,503.47	\$21,503.47	\$21,503.47	\$239,262.12
Principal	\$0.00							660,000					\$660,000.00
Total	\$0.00	\$23,131.81	\$21,686.07	\$21,686.07	\$21,686.07	\$21,686.07	\$21,686.07	\$681,686.07	\$21,503.47	\$21,503.47	\$21,503.47	\$21,503.47	\$899,262.12

FY 2022-23													
	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	TOTAL
Interest	\$21,503.47	\$21,503.47	\$21,503.47	\$21,503.47	\$21,503.47	\$21,503.47	\$21,503.47	\$21,503.47	\$21,291.72	\$21,291.72	\$21,291.72	\$21,291.72	\$257,194.65
Principal								550,000					\$550,000.00
Total	\$21,503.47	\$571,503.47	\$21,291.72	\$21,291.72	\$21,291.72	\$21,291.72	\$807,194.65						

FY 2023-24													
	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	TOTAL
Interest	\$21,291.72	\$21,291.72	\$21,291.72	\$21,291.72	\$21,291.72	\$21,291.72	\$21,291.72	\$21,291.72	\$20,943.39	\$20,943.39	\$20,943.39	\$20,943.39	\$254,107.32
Principal								550,000					\$550,000.00
Total	\$21,291.72	\$571,291.72	\$20,943.39	\$20,943.39	\$20,943.39	\$20,943.39	\$804,107.32						

FY 2024-25													
	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	TOTAL
Interest	\$20,943.39	\$20,943.39	\$20,943.39	\$20,943.39	\$20,943.39	\$20,943.39	\$20,943.39	\$20,943.39	\$20,470.20	\$20,470.20	\$20,470.20	\$20,470.20	\$249,427.90
Principal								565,000					\$565,000.00
Total	\$20,943.39	\$585,943.39	\$20,470.20	\$20,470.20	\$20,470.20	\$20,470.20	\$814,427.90						

Financial Reporting Format

LIVERMORE AREA RECREATION AND PARK DISTRICT (LARPD)

FORMAT for Monthly and YTD Reporting (summary level) - for illustrative purposes only

	FY20-21	FY21-22	Incr/(Decr) vs FY20-21		FY21-22	Incr/(Decr) vs FY20-21	
	Actual	Actual/Fcst	\$	%	Approved Budget	\$	%
Financials - Operations:							
Revenue							
Taxes	\$13,188,374	\$13,540,892	\$352,518	3%	\$13,540,892	\$352,518	3%
From Operations	4,169,198	6,901,113	2,731,915	66%	6,901,113	2,731,915	40%
Total Revenue	\$17,357,572	\$20,442,006	\$3,084,434	18%	\$20,442,006	\$3,084,434	15%
Salary and Benefits	11,832,490	12,464,358	631,868	5%	13,322,243	1,489,753	12%
Services and Supplies	4,850,739	5,687,462	836,723	17%	5,687,462	836,723	15%
Capital	8,795	0	(8,795)	(100%)	0	(8,795)	-
Sub-total, Expenses	\$16,692,024	\$18,151,820	\$1,459,796	9%	\$19,009,705	\$2,317,681	13%
Net Operating Results	\$665,548	\$2,290,186	\$1,624,638	244%	\$1,432,301	\$766,753	33%
General Fund - CIP	\$62,090	\$367,675	\$305,585	492%	\$367,675	\$305,585	83%
Total, General Fund (Operating)	\$603,458	\$1,922,511	\$1,319,053	219%	\$1,064,626	\$461,168	24%
Non-Operating Activity:							
Revenue							
Other Financing Sources - POB	\$12,875,000	\$0	(\$12,875,000)	(100%)	\$0	(\$12,875,000)	-
Total Revenue	\$12,875,000	\$0	(\$12,875,000)	(100%)	\$0	(\$12,875,000)	-
Expenses							
Professional Services Expense	263,750	0	(263,750)	(100%)	0	(263,750)	-
Debt Service		899,262	899,262	-	0	0	0%
Other Financing Uses - POB	12,611,250	0	(12,611,250)	(100%)	0	(12,611,250)	-
Sub-total, Expenses	\$12,875,000	\$899,262	(\$11,975,738)	(93%)	\$0	(\$12,875,000)	(1,432%)
Net Results	\$0	(\$899,262)	(\$899,262)	n/a	\$0	\$0	0%
Total, General Fund	\$603,458	\$1,023,249	\$419,791	70%	\$1,064,626	\$461,168	45%

memo: Total Revenue reported \$30,232,572

memo: Total Expense reported \$29,629,114

8/16/2021



Thank You