



# Livermore Area Recreation and Park District Pension Obligation Bonds

## *Financial Summary*

*LARPD Finance Committee: 8/16/21, Agenda item number 4*

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# 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> |   |
| <b>Net increase/(decrease) to Net Contribution:</b> |                     | <u><u>\$0</u></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<br>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 |           |
| <b>DISTRICT TOTALS</b>       | 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        |
| <b>Total</b> | <b>\$0.00</b> | <b>\$23,131.81</b> | <b>\$21,686.07</b> | <b>\$21,686.07</b> | <b>\$21,686.07</b> | <b>\$21,686.07</b> | <b>\$21,686.07</b> | <b>\$681,686.07</b> | <b>\$21,503.47</b> | <b>\$21,503.47</b> | <b>\$21,503.47</b> | <b>\$21,503.47</b> | <b>\$899,262.12</b> |

| 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        |
| <b>Total</b> | <b>\$21,503.47</b> | <b>\$21,503.47</b> | <b>\$21,503.47</b> | <b>\$21,503.47</b> | <b>\$21,503.47</b> | <b>\$21,503.47</b> | <b>\$21,503.47</b> | <b>\$571,503.47</b> | <b>\$21,291.72</b> | <b>\$21,291.72</b> | <b>\$21,291.72</b> | <b>\$21,291.72</b> | <b>\$807,194.65</b> |

| 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        |
| <b>Total</b> | <b>\$21,291.72</b> | <b>\$21,291.72</b> | <b>\$21,291.72</b> | <b>\$21,291.72</b> | <b>\$21,291.72</b> | <b>\$21,291.72</b> | <b>\$21,291.72</b> | <b>\$571,291.72</b> | <b>\$20,943.39</b> | <b>\$20,943.39</b> | <b>\$20,943.39</b> | <b>\$20,943.39</b> | <b>\$804,107.32</b> |

| 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        |
| <b>Total</b> | <b>\$20,943.39</b> | <b>\$20,943.39</b> | <b>\$20,943.39</b> | <b>\$20,943.39</b> | <b>\$20,943.39</b> | <b>\$20,943.39</b> | <b>\$20,943.39</b> | <b>\$585,943.39</b> | <b>\$20,470.20</b> | <b>\$20,470.20</b> | <b>\$20,470.20</b> | <b>\$20,470.20</b> | <b>\$814,427.90</b> |

# 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             |                        | FY21-22             |                        |
|--|---------------------|---------------------|------------------------|---------------------|------------------------|
|  | Actual              | Actual              | Incr/(Decr) vs FY20-21 | Approved Budget     | Incr/(Decr) vs FY21-22 |
|  |                     | \$                  | %                      | \$                  | %                      |
| <b>Financials - Operations:</b>        |                     |                     |                        |                     |                        |
| <b>Revenue</b>                         |                     |                     |                        |                     |                        |
| Taxes                                  | \$13,188,374        | \$13,540,892        | \$352,518              | \$13,540,892        | \$0 0%                 |
| From Operations                        | 4,169,198           | 6,901,113           | 2,731,915              | 6,901,113           | 0 0%                   |
| <b>Total Revenue</b>                   | <b>\$17,357,572</b> | <b>\$20,442,006</b> | <b>\$3,084,434</b>     | <b>\$20,442,006</b> | <b>\$0 0%</b>          |
| <b>Salary and Benefits</b>             | <b>11,832,490</b>   | <b>13,322,243</b>   | <b>1,489,753</b>       | <b>13,322,243</b>   | <b>0 0%</b>            |
| <b>Services and Supplies</b>           | <b>4,850,739</b>    | <b>5,687,462</b>    | <b>836,723</b>         | <b>5,687,462</b>    | <b>0 0%</b>            |
| <b>Capital</b>                         | <b>8,795</b>        | <b>0</b>            | <b>(8,795)</b>         | <b>0</b>            | <b>0 -</b>             |
| <b>Sub-total, Expenses</b>             | <b>\$16,692,024</b> | <b>\$19,009,705</b> | <b>\$2,317,681</b>     | <b>\$19,009,705</b> | <b>\$0 0%</b>          |
| <b>Net Operating Results</b>           | <b>\$665,548</b>    | <b>\$1,432,301</b>  | <b>\$766,753</b>       | <b>\$1,432,301</b>  | <b>\$0 0%</b>          |
| <b>General Fund - CIP</b>              | <b>\$62,090</b>     | <b>\$367,675</b>    | <b>\$305,585</b>       | <b>\$367,675</b>    | <b>\$0 0%</b>          |
| <b>Total, General Fund (Operating)</b> | <b>\$603,458</b>    | <b>\$1,064,626</b>  | <b>\$461,168</b>       | <b>\$1,064,626</b>  | <b>\$0 0%</b>          |
| <b>Non-Operating Activity:</b>         |                     |                     |                        |                     |                        |
| <b>Revenue</b>                         |                     |                     |                        |                     |                        |
| Other Financing Sources - POB          | \$12,875,000        | \$0                 | (\$12,875,000)         | \$0                 | \$0 -                  |
| <b>Total Revenue</b>                   | <b>\$12,875,000</b> | <b>\$0</b>          | <b>(\$12,875,000)</b>  | <b>\$0</b>          | <b>\$0 -</b>           |
| <b>Expenses</b>                        |                     |                     |                        |                     |                        |
| Professional Services Expense          | 263,750             | 0                   | (263,750)              | 0                   | 0 -                    |
| Other Financing Uses - POB             | 12,611,250          | 0                   | (12,611,250)           | 0                   | 0 -                    |
| <b>Sub-total, Expenses</b>             | <b>\$12,875,000</b> | <b>\$0</b>          | <b>(\$12,875,000)</b>  | <b>\$0</b>          | <b>\$0 -</b>           |
| <b>Net Results</b>                     | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>             | <b>\$0</b>          | <b>\$0 -</b>           |
| <b>Total, General Fund</b>             | <b>\$603,458</b>    | <b>\$1,064,626</b>  | <b>\$461,168</b>       | <b>\$1,064,626</b>  | <b>\$461,168 43%</b>   |
| memo: Total Revenue reported           | \$30,232,572        |                     |                        |                     |                        |
| memo: Total Expense reported           | \$29,629,114        |                     |                        |                     |                        |



Thank You