

Local Unit Name: City of Gibraltar
Local Unit Code: 822090

**PREVIOUS ACTION TAKEN
TO REDUCE UNFUNDED ACCRUED LIABILITIES**

Previous Actions Taken To Reduce Unfunded Accrued Liabilities		
	Unfunded Accrued Liability Type	Previous Action Taken
1.	Public Safety Officers Retirement System - Pension	As of the June 30, 2013 actuarial report, the City of Gibraltar Public Safety Officers Retirement System had a total unfunded actuarial accrued liability of \$364,156. This amount is the difference between the total accrued liabilities (\$7,544,194) and applied assets (\$7,180,038). The City has taken steps and continues to implement actions annually to reduce unfunded accrued liabilities on this account. These actions include the allocation of additional contributions above and beyond the payroll contribution rate (employer normal cost) to cover allocations to the unfunded liability. For example, in 2013 the Employer Normal Cost was 15.26%, an additional 5% was paid by the City into the account to cover an amortized portion of the unfunded accrued liability (amortization schedule is based upon a 14 year closed period). In addition to the above items, the City has and continues through collective bargaining to reduce future retiree benefits. These benefit reductions lead to reduced overall costs of the pension program now and into the future. Examples of benefit reductions include lowering the multiplier for new employees in the pension program, altering the final average earning components, and imposing both service and age requirements for new hires.
2.	General Employee Retirement System - Pension	Currently the City of Gibraltar General Employee Retirement System is funded in excess of 100% and thus does not currently carry an unfunded actuarial accrued liability. Regardless, the City of Gibraltar has chosen to remit payments annually to the account. These payments are intended to cover any administrative costs and smooth any potential losses to the account during the fiscal year. The contribution by the City to the account for FY 2014-2015 is \$11,148. If and when unfunded actuarial accrued liabilities exist, payments are made by the City to the account to cover the liability. These payments are made based upon an amortized schedule of nine years (using the level dollar method).
3.	Retiree Healthcare	The City through its collective bargaining agreements has extended retiree healthcare benefits to eligible employees and their spouses. These benefits are financed on a "pay-as-you-go" basis and allocations are provided annually via the appropriate City accounts each fiscal year. The total unfunded liabilities for this benefit were substantially reduced in 2009/2010 when the City transferred eligible employees (over 65) to Medicare with a City provided supplemental insurance

		<p>rider. This transfer substantially reduced the City's unfunded liability.</p> <p>Recognizing the financial impact these OPEB's have on the annual budget, the City has (when able), negotiated the elimination of post-retirement health care for new hires in its collective bargaining agreements. In addition, past actions by the City have also been to allocate funds to an employee healthcare retirement savings account to assist with these costs in the future. Although no obligation exists to make contributions to this account, account assets YTD equal \$392,553.22. For the proposed FY 2014-2015, the City proposes the allocation of \$4,512.00 to this account.</p>

How Will The Local Unit Continue To Implement And Maintain Previous Actions Taken

As referenced in the above table, for FY 2014-2015 the City continues to implement allocations to the pension systems to cover unfunded liabilities based upon amortized schedules recommended by the pension actuarial. In addition, the City for FY 2014-2015, has continued its practice of allocating funds to its OPEB liabilities in the amount of \$4,512.00.

Additional Actions That Could Be Implemented

Note: Actuarial assumption changes and issuance of debt instruments do not qualify as a new action.

1.	Further concessions in employee/employer collective bargaining agreements which would minimize pension and post-employment healthcare costs would further reduce unfunded accrued liabilities.
2.	Investment strategy changes that may yield higher rates of return would improve the performance of accounts and result in reduced accrued liabilities.
3.	"Shopping" for healthcare providers that can provide adequate healthcare benefits to retired employees would insure competitive pricing and affordable rates.