



## Legislation Details (With Text)

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**Sponsors:** Kristine Brock, Mike Lowe  
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**DATE:** October 2, 2019

**TO:** Budget and Finance Committee

**FROM:** Eric Stuckey, City Administrator  
Kristine Brock, Assistant City Administrator/CFO  
Mike Lowe, Comptroller

**SUBJECT:**  
Report on City's Other Post Employment Benefit (OPEB) Liability

### Purpose

The purpose of this memo is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning the City's OPEB liability for retiree health insurance at June 30, 2019.

### Background

In January 2019, the City engaged Findley of Brentwood to serve as its actuary for the purposes of calculating liability for the retiree health insurance benefits in accordance with GASB Standard 75. Previously, the City had engaged Acuff & Associates to provide this report.

### Financial Impact

The City's actuary has determined the liability at June 30, 2019 to be \$20,233,120, which is an increase from the June 30, 2018 liability of \$5,488,180. The significant increase is due to a Change in Assumption in an actuarial table referred to as an "aging table", which places differentials in medical costs for males and females due to their age. For example, this table assigns a medical cost ratio for a 64 year old male that is higher than medical costs for a male of a younger age. Lauren Chrisman with Findley will attend the meeting to discuss

the table that has been used for the 2019 study, referred to as the Yamamoto Table from 2013, and how the change impacted Findley's results.

The liability in this report is an estimate of the amount the City has obligated for retiree health insurance benefits that would be paid as they come due. Currently, the City has no placed no assets in a trust toward this liability. As a result of the outcome of the 2019 report, staff will research the City's retiree health care plan, review plans of other governments and bring a presentation to the Committee in calendar year 2020.

**Recommendation**

Report only