



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 09/23/13)

Board Clerk Use Only

Meeting Date: 4/22/14
Agenda Item #: B.1
Est. Start Time: 10:00 am
Date Submitted: 4/9/14

Agenda Title: **Board Briefing on Other Post Employment Benefits (OPEB)**

Note: Title should not be more than 2 lines but be sufficient to describe the action requested.

Requested Meeting Date: April 22, 2014 **Time Needed:** 60 Minutes
Department: County Management **Division:** Finance & Risk Management
Contact(s): Mark Campbell
Phone: (503) 988-6229 **Ext.** X86229 **I/O Address:** 503/531
Presenter Name(s) & Title(s): Mark Campbell, CFO and Mike Schionning, Cheiron (County's Actuary)

General Information

1. What action are you requesting from the Board?

No action is being requested. This is an informational briefing on Other Post Employment Benefits (OPEB) offered by the County and how they are treated for accounting purposes.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The County offers OPEB to retirees primarily in the form of healthcare benefits. As with the cost of active employee healthcare benefits, the cost of providing those benefits has risen over time. In general, the County pays 50% of the cost of healthcare premiums for retirees (and their families) from the time they retire until the time they are eligible for Medicare.

In 2004, the Government Accounting Standards Board (GASB) issued statement number 45 which requires employers to report the value of their OPEB in their Comprehensive Annual Financial Report (CAFR). Because of the County's contractual obligation to fund OPEB, and the way those costs are measured by GASB 45, the County has incurred a liability, which as of January 1, 2013 is estimated at **\$135 million**.

The County's Financial & Budget Policies recognize the importance of making progress toward funding this liability. The policy on Long Term Liabilities reads, in part, *"(i)t is the goal of the County to achieve a funding level of 20% of the OPEB liability by the end of fiscal year 2013. The Chief Financial Officer will develop recommendations for funding the liability beyond 2013 and present those for the Board's consideration."* This briefing will focus on why we have the liability and how it is estimated. We will also discuss one common option that employers have begun to use to account for their OPEB obligations. Specific recommendations will be presented at a future Board briefing.

3. Explain the fiscal impact (current year and ongoing).

The County has achieved the goal outlined in the Financial & Budget Policies. As of 6/30/13 the County has approximately \$34.3 million reserved for OPEB obligations. This represents **about 25% of the estimated \$135 million liability**. Future fiscal impacts are dependent upon specific actions that are taken to manage the liability beyond the current year.

4. Explain any legal and/or policy issues involved.

N/A.

5. Explain any citizen and/or other government participation that has or will take place.

N/A.

Required Signature

**Elected Official
or Department/**

Agency Director: Karyne Kieta \s\ **Date:** 4/9/14

Note: Please submit electronically. Insert names of your approvers followed by /s/ - we no longer use actual signatures. Please insert date approved."