



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

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Legislative File No: 2008-0072

TO: Mayor and City Council Members
FROM: Julie Jenuwine, Finance Director 248.841.2535
DATE: February 12, 2008
SUBJECT: (OPEB) Other Postemployment Benefits Valuation Presentation

REQUEST:

To request that City Council allow for Mr. Michael J. Blackburn of Blackburn Actuarial present the valuation of liabilities for the City of Rochester Hills' Other Postemployment Benefits (OPEB).

BACKGROUND:

In 2001, the City implemented a Supplemental Retiree Health Care program intending to benefit existing long-term employees without enough years of service remaining to accumulate sufficient monies in their individual Defined Contribution Retiree Health Savings (RHS) account.

In December 2006, I requested that City Council considered the designation of \$2,000,000 in the General Fund fund balance, \$400,000 in the Fire Operating Fund fund balance, and \$800,000 in Water & Sewer Operating Fund retained earnings. These amounts were described as conservative estimates of the City's liability for the Supplemental Retiree Healthcare Program. The City Council approved the designations*. At that time, it was relayed that an actuarial valuation would be performed in accordance with GASB 45, to more accurately value the City's OPEB liability. [GASB 45 is a standard issued by the Governmental Accounting Standards Board for the accounting and financial reporting by employers for postemployment benefits other than pensions.] The enclosed presentation is summary of the OPEB valuation performed by Blackburn Actuarial.

This agenda item/presentation does not attempt to facilitate a comprehensive discussion on OPEB funding (establishment of a trust etc.). Should the City Council wish to discuss potential funding options for the OPEBs, a separate presentation at a future Council meeting with the City's (pension) attorney may be scheduled.

*A designation is considered as *unreserved* fund balance that merely indicates that the governing body and the administration have tentative plans concerning the use of all or a portion of the unreserved fund balance that is designated. A designation does not signify a legal reservation of funds.

BUDGET:

N/A

RECOMMENDATION:

N/A

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		