



**CITY OF FORT LAUDERDALE  
OPEB Trust Board Agenda Memo  
SPECIAL MEETING**

**#20-0678**

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**TO:** Honorable Chairman of the Board & Trustees of the  
City of Fort Lauderdale Other Post-Employment Benefits Trust

**FROM:** Chris Lagerbloom, ICMA-CM, City Manager

**DATE:** September 15, 2020

**TITLE:** Motion Adopting the Fiscal Year 2021 Other Post-Employment Benefits  
Trust Fund Budget – **(Commission Districts 1, 2, 3 and 4)**

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**Recommendation**

It is recommended that the Other Post-Employment Benefits Trust Board of Trustees adopt an operating budget, as set forth in Exhibit 1, for Fiscal Year (“FY”) 2021.

**Background**

In 2004, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 45 (“GASB 45”), Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, to address how governmental entities should account for and report their costs and obligations related to “other post-employment benefits” (“OPEB”). OPEB refers to fringe benefits provided to retired and former employees other than pension benefits. In past accounting standards, entities recognized the cost of these benefits as they were paid. This standard requires recognition of the cost of the benefits (post-employment health and other non-pension benefits) over the service period of the employee. In 2015, GASB issued Statement No. 75 (“GASB 75”), Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions, which required the City to record a liability on the government-wide financial statements for its net OPEB liability.

Currently, the City offers two post-retirement benefit plans. The OPEB Health (retiree health benefit subsidy) Plan, which includes a monthly cash subsidy and access to healthcare coverage for eligible retirees (pre-age 65) and their families; and the Post-retirement Pay Steps (“PPS”) Plan, which provides five (5) pay steps for retired members of the Police and Firefighters’ Retirement System. Payments under the PPS Plan will commence in FY 2021 for Police retirees and in FY 2022 for Fire retirees.

In response to the reporting requirements, the City created an irrevocable trust to capture long-term investment returns and make progress towards reducing the unfunded actuarial accrued liability under GASB 45 and to fund the future cost of other post-employment benefits including health care and other non-pension benefits offered to retirees. This irrevocable trust was established as an investment vehicle for the City to

accumulate assets and a means to pay for future non-pension benefits related to OPEB. The OPEB Trust operates in a manner similar to a pension plan whereby the City makes annual contributions to the OPEB Trust and the City's contributions together with interest earnings, fund future OPEB benefits. As of July 31, 2020, the irrevocable trust's assets totaled \$40,069,978.

The City's FY 2021 Proposed Budget includes an amount of \$2,291,185 (\$1,000,000 OPEB-Health and \$1,291,185 PPS) to be paid into the OPEB Trust Fund, which represents the City's continued commitment to fund the trust and will result in an ongoing annual reduction to the Net OPEB Obligation. The City's funding approach has brought the OPEB Trust Fund to a suitable level, allowing the City to start using the trust fund to pay full benefits.

Beginning in FY 2021, staff anticipates expenses of \$2,731,542, which mainly represent benefit payments to retirees from the OPEB Trust Fund. To facilitate the upcoming benefit payments, the OPEB Trust Administrator is proposing adoption of a budget, as set forth in Exhibit 1, for FY 2021.

#### **Resource Impact**

There is no fiscal impact for Fiscal Year 2020.

#### **Attachment**

Exhibit 1 – FY 2021 OPEB Proposed Budget

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Prepared by: Linda Short, Finance  
Debra Conyers, Finance

Department Director: Susan Grant, Finance