

**TAB 3**



# City of Palmetto Agenda Item

**Meeting Date**

06/6/11

**Presenter:** Jim Freeman

**Department:** City Clerk

**Title:** 2011 OPEB Valuation

**Background:**

During Fiscal Year 2009, the City implemented GASB 45 which allows for the reporting of Other Post-Employment Benefits (OPEB). OPEB benefits are the projected value of the benefits extended to employees after retirement other than compensation benefits. For the City of Palmetto, these benefits are primarily the health and life benefits that are extended to the retirees and their dependents.

During FY2009, the City obtained a two-year valuation from Florida League of Cities and a new one is needed for FY2011. A quote from Florida League of Cities of \$3,750 is attached for a two-year valuation at the same price as the FY2009 valuation. This is the lower of two quotes received.

This expense is fully budgeted in Finance and all is needed is approval for the Mayor to sign the agreement.

**Budgeted Amount:** 3,750    **Budget Page No(s):** 89    **Available Amount:** 3,760    **Expenditure Amount:** 3,750

**Additional Budgetary Information:** Original budget was for \$3,000 and an additional \$760 was moved from Auditing from a savings from the 2010 audit.

**Funding Source(s):**    **Sufficient Funds Available:**  Yes  No    **Budget Amendment Required:**  Yes  No    **Source:**

**City Attorney Reviewed:**  Yes  No  N/A    **Advisory Board Recommendation:**  For  Against  N/A    **Consistent With:**  Yes  No  N/A

**Potential Motion/Direction Requested:** Authorize the Mayor to sign the agreement with Florida League of Cities to perform the OPEB valuation

**Staff Contact:** Karen Simpson    Deputy Clerk    X7109

**Attachments:** Copy of the FLOC agreement dated May 11, 2011



## FLORIDA LEAGUE OF CITIES, INC.

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301 South Bronough Street, Suite 300 ♦ Post Office Box 1757 ♦ Tallahassee, FL 32302-1757  
(850) 222-9684 ♦ Fax (850) 222-3806 ♦ Web site: [www.flcities.com](http://www.flcities.com)

May 31, 2011

Karen Simpson  
Deputy Clerk – Finance  
City of Palmetto, FL

Re: Preparation of GASB 45 Disclosures for the City of Palmetto

Dear Ms. Simpson:

Pursuant to your request, I have set forth below our fee to provide the actuarial calculations required by Governmental Accounting Standards Board Statement No. 45 (GASB 45), along with a detailed listing of the services covered by the fee.

It is my understanding that the City currently: (i) has approximately 121 active employees who potentially may become eligible for post-employment benefits; (ii) has approximately 9 individuals who are receiving post-employment healthcare coverage; and (iii) provides fully-insured post-employment healthcare benefits. Based on our email conversation and my understanding of the number of employees and retirees entitled to post-employment benefits, as well as the type of post-employment benefits currently offered by the City of Palmetto, I have prepared the following fee quotation.

Our fixed fee will be **\$3,750.00** for the following services:

1. Preparation of an annual actuarial valuation report as of January 1, 2011 which will be used to develop the GASB 45 liabilities and expense for the fiscal years ending September 30, 2011 and September 30, 2012, complete with all necessary calculations, information, and disclosures as required by GASB 45 and other applicable actuarial professional standards, including the following:
  - a. A summary of current plan provisions;
  - b. A summary of all assumptions and methods applied in developing the plan expense and liabilities;
  - c. Liabilities and expenses by employee group based on covered medical benefits;
  - d. Liabilities by active, deferred vested, retiree, and beneficiary status; and
  - e. A projection of the cash flows to provide a forward-looking estimate of the financial impact to the City of Palmetto of retiree health care costs, liabilities, and contributions.
2. Up to 15 bound copies of the final valuation report prepared as described in item 1.
3. Miscellaneous telephone calls between our actuary, Charles Carr at Southern Actuarial Services and any City employees or other professionals connected with the cited work, including conference telephone calls as needed to discuss the assumptions used in the calculations and to explain the results of the valuation to City officials.

The report will be provided approximately 12 weeks from the date on which we receive all necessary information, including but not limited to employee and retiree data, claims experience (if applicable), retiree premiums, City contributions and/or premiums, and other information set forth in our standard data request letter.

In addition, if you would like for the actuary to attend a meeting in person to discuss the results of the valuation, the fee will be **\$2,500.00**. The cited meeting attendance fee includes all associated travel expenses. The \$2,500.00 fee is in addition to the fixed fee of \$3,750.00.

Payment is due upon satisfactory completion of the work by the Florida League of Cities and shall be paid within 45 days of receipt of invoice from the Florida League of Cities by the City. In case of any disputes or claims pursuant to this letter agreement, any litigation shall be filed in the courts in and for Manatee County, Florida.

If you have any questions concerning the above, please do not hesitate to call me.

If you agree to this proposal, please have this signed and dated by the appropriate official and send a copy to me.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

Sincerely,



Dustin Heintz  
Investment and Retirement Services Manager  
Florida League of Cities, Inc.  
P.O. Box 1757  
Tallahassee, FL 32302  
800-616-1513 x 3614