

Resolution No: 16-555  
Introduced: May 14, 2008  
Adopted: May 14, 2008

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

**SUBJECT:** Resolution to Amend Resolution No. 16-87 to Establish an Eight-Year Funding Schedule for County Agencies' Annual Required Contribution for Retiree Health Benefits (Other Post Employment Benefits – OPEB)

**Background**

1. The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*; which addresses how state and local governments should account for and report their costs and obligations related to retiree health benefits, referred to as Other Post Employment Benefits (OPEB).
2. County agencies (the County Government, Montgomery County Public Schools, Montgomery College, the Washington Suburban Sanitary Commission, and the Maryland-National Capital Park and Planning Commission) are required to disclose their OPEB liabilities in their financial statements, starting with the fiscal year beginning July 1, 2007 (FY 2008).
3. Establishment of separate trusts and adoption of a written policy of the County's intent to phase in full funding of the difference between the pay-as-you-go contributions and the Annual Required Contribution allows the County agencies to use, in their actuarial valuations, a discount rate higher than their operating investment rate for accounting and budgeting purposes. Absent such a policy, County agencies would be required to record OPEB liabilities in their financial statements of almost twice as much as liabilities required with such a policy.
4. On April 10, 2007, in Resolution No. 16-87, the Council acknowledged that the County agencies intended to establish one or more trusts on or before July 1, 2007, and stated the Council's policy intent to fund the OPEB obligation over a five-year period beginning with FY 2008.
5. On April 1, 2008, the Council approved Expedited Bill 28-07, Personnel – Other Post Employment Benefits Trust – Establishment. This Bill established a Retiree Health Benefits Trust for the County Government and designated the Board of Investment Trustees to manage the investment of the trust funds. Trusts are now in place for all the tax-supported agencies except Montgomery College, which is in the final stages of establishing a Trust.
6. In the FY 2009 Recommended Operating Budget, the Executive proposed a phase-in period of eight years instead of the five-year phase-in that was planned in FY 2008, in response to the County's fiscal situation.

**Action**

The County Council for Montgomery County, Maryland approves the following resolution:

1. The Council is committed to the responsible fiscal management of the County agencies' obligations for Retiree Health Benefits (Other Post Employment Benefits - OPEB) and acknowledges that County agencies have already established or intend to establish one or more trusts for such purposes.
2. It is the Council's policy intent to fund the difference between the OPEB pay-as-you-go contributions and the Annual Required Contribution, for the tax supported agencies, over an eight-year period starting with FY 2008 and ending with FY 2015.
3. For WSSC and M-NCPPC, it is the Council's policy intent to support these agencies' plans to implement, over eight years or less, a phase-in of the difference between the OPEB pay-as-you-go contributions and the ARC starting with FY2008, in coordination with the Prince George's County Council.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council