



## REQUEST FOR ACTION CITY COUNCIL

Agenda Date: 10/15/2024  
Agenda Section: Consent Agenda

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**Department Origination:** Finance

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**Agenda Item:** Authorize Execution of a Contract with USICG (formerly Hildi Inc.) to Provide a Required Other Post-Employment Benefits Actuarial Valuation Study in Conjunction with GASB 75

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**Approval Required:** Simple Majority Vote

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### **BACKGROUND**

In 2018, governments transitioned from Government Accounting Standards Board (GASB) Statements 43 and 45 to the new pension and Other Post-Employment Benefits (OPEB) disclosure requirements under GASB Statements 74 and 75. GASB 75 applies to the financial statements of employers providing OPEB. The GASB statements require government employers to measure and report the liabilities associated with other (than pension) postemployment benefits (or OPEB). The accounting treatment for OPEB is similar to the updated pension standards under GASB 67 and 68. Reported OPEBs may include post-retirement medical, dental, and other insurance benefits regardless of whether provided by a pension plan. Even though Baxter does not contribute directly to the premiums for the aforementioned benefits of retired employees, an “implicit” cost exists because employees, under Minnesota Statutes 471.61 subdivision 2b, are allowed to remain in the city’s pooled insurance plans after retirement.

The GASB requirements were instigated in 2004 because of the growing concern over the potential magnitude of government employer obligations for post-employment benefits. GASB 75 requires more extensive disclosures and required supplementary information, including: types of benefits and covered employees, how plan contributions are determined, and assumptions/methods used to calculate the OPEB liability. Government employers are required to comply with the GASB requirements by completing an actuarial study periodically to disclose the city’s liability in the annual audited financial statements.

### **FINANCIAL IMPLICATIONS**

The agreement for actuary consulting services with USICG, formerly Hildi, Inc., provides the required actuarial valuation study for the city’s OPEB. The estimated \$2,650 cost of the actuarial study is included in the preliminary 2025 Budget. The estimated \$1,200 cost for the update in 2026 will be accounted for in the following year’s budget. The study provides the required statistics for the 2025 through 2026 annual audits.

### **STAFF RECOMMENDATIONS**

Finance Director Vacinek recommends approving the USICG contract to provide the updated OPEB actuarial valuation study as required for GASB 75 in the future. The figures provided by the study will be used in the audit disclosure periods through 2026.

### **COUNCIL ACTION REQUESTED**

Motion authorize execution of the USICG contract to provide a required OPEB actuarial valuation study in conjunction with GASB 75