



## Town of Lexington Annual Town Meeting 2020 Select Board Article Positions

### **Article 17: Appropriate to Post Employment Insurance Liability Fund**

The Governmental Accounting Standards Board (GASB) issued Statements 43 and 45, requiring state and local governments to implement accounting and financial reporting for other post-employment benefits or OPEB; more commonly known as retiree health insurance benefits.

The intention of these two Statements is to require municipal and state governments to disclose to the public and bondholders the current and future financial obligation related to retirement benefits. As of June 30, 2019 the Town's net OPEB Liability was estimated to be between \$120 and \$160 million.

Beginning in 2008 the Town began a process to slowly fund this liability. The balance of the OPEB fund as of June 30, 2019, including investment income, was approximately \$15.77 million.

This article calls for the appropriation of \$750,000 dollars from the tax levy to continue to fund this liability, however an equal amount will be appropriated from the Health Claims Trust Fund to the general fund under article 4 to offset the impact of this appropriation. Town's Health Claims Trust Fund had a balance of \$3.18 million as of June 30, 2019.

The Select Board supports passage of this article by a vote of 4 to 0 with Ms. Barry recusing herself as her husband is an employee of the Town.