




Item 13

Receive Government Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Other Post-Employment Benefits (OPEB)

December 11, 2023, MPWMD Board Meeting
Staff contact: Suresh Prasad

What is GASB

- 
- Established in 1984, the Governmental Accounting Standards Board (GASB) is the independent, private-sector organization, that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP)

What is GASB 75

- In July 2004, GASB issued Statements No. 43 & 45, financial reporting requirements for OPEB
- To be implemented with FY 2009-2010 financials
- Record current year OPEB obligations on financial statements
- District has complied since FY 2009-2010 financial statements

What is GASB 75

- In June 2015, GASB issued Statement No. 75, revising financial reporting requirements for OPEB
- To be implemented with FY beginning June 15, 2017 financials
- Record total OPEB obligations on financial statements
- District complied with FY 2017-2018 financial statements

OPEB Liability

- District provides healthcare premium to retirees as follows:

Tier 1 employees (prior to July 1, 2013; 11 employees)

- <15 years = \$540/month
- >15 years = \$1,413 in 2023 (escalated 3% each year)

Tier 2 employees (after July 1, 2013; 13 employees)

- \$540/month



■ OPEB Liability

- The portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service as of the measurement date

■ Fiduciary Net Position

- The actual amount of assets held in the pension trust for a plan as of the measurement date (Also called the market value of assets)

■ Net OPEB Liability

- The difference between the OPEB Liability and the Fiduciary Net Position as of the measurement date

OPEB Liability

■ Net OPEB Liability (3-years):

Measurement Date	06/30/2021	06/30/2022	06/30/2023
NOL	\$4,533,952	\$5,056,238	\$4,991,860
Change		+\$522,286	-\$64,378
Disc. Rate	1.92%	3.69%	3.86%
Fund Status	6.62%	7.91%	10.01%
Fund Amount	\$300,000	\$400,000	\$500,000

OPEB Liability

■ Change in liability:

- \$64,378 (2023) ↓
 - Discount rate changed 3.69% to 3.86% based on municipal bond index
 - Increase in healthcare costs lower than expected

OPEB Liability

■ What has the District done:

- Created reserve to address unfunded OPEB liability beginning 2018-2019; As of 06/30/2023, total of \$500,000
- Current FY 2023-2024 Budget includes additional \$100,000

Recommendation

- Staff recommends receiving Government Accounting Standards Board Statement No. 75 postemployment benefits other than pension valuation report

For More Information

- Staff reports and presentation materials can be found on the District's website at:

www.mpwmd.net

- PowerPoint presentations will be posted on the website the day after the meeting.