



Presentation Item 8


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

December 17, 2018, Regular 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 will comply with FY 2017-2018 financial statements

- District provides healthcare premium to retirees as follows:

Tier 1 employees (prior to July 1, 2013)

- <15 years = \$540/month
- >15 years = \$1,218 in 2018 (escalated 3% each year)

Tier 2 employees (after July 1, 2013)

- \$540/month

■ What is Net OPEB Liability:

■ Difference of:

- $\text{OPEB Liability} - \text{Fiduciary Net Position} = \text{Net OPEB Liability}$

■ 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

OPEB Liability

■ 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	06/30/2016	06/30/2017	06/30/2018
NOL	\$3,227,615	\$3,929,329	\$4,104,989
Change		+\$701,714	+\$175,660
Disc. Rate	→ 5.00%	→ 3.50%	3.50%
Fund Status	0.00%	0.00%	0.00%

OPEB Liability

■ Change in liability:

■ \$701,714 (2017) ↑

■ Discount rate changed 5.00% to 3.50%

■ \$175,660 (2018) ↑

■ Net change increase between current year expenses less contributions

OPEB Liability

■ District's annual obligation:

Description	Amount
Current year service cost	\$127,662
Interest	\$140,378
Current year OPEB expense	\$268,040
Current year contributions made	(\$92,380)
Change in Net OPEB Obligation	\$175,660

OPEB Liability

■ What has the District done:

- Created reserve to address unfunded OPEB liability (\$100,000 2018-2019)
- Staff will present additional funding strategies at a later date

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.