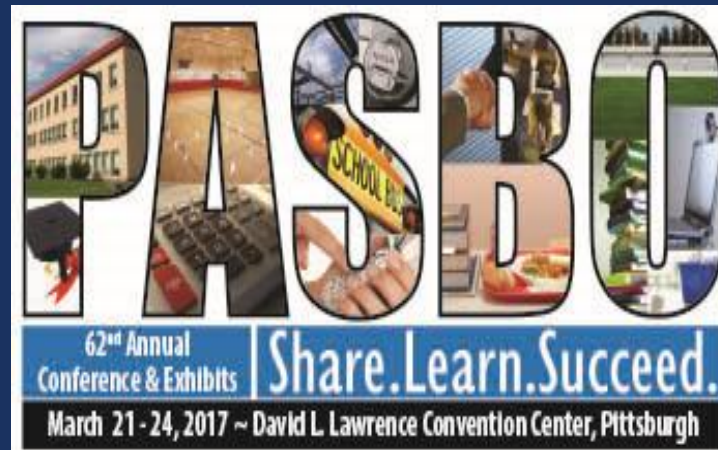


GASB 75

MARCH 22, 2017 2:00-2:25PM

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WHAT IS GASB 75?

- **PURPOSE:**

- *Improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions,*
- *Providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency,*
- *Establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.*

- **REPLACES GASB 45 AND 57**

- **GASB 74 – Plan Accounting and GASB 75 – Employer Accounting and Reporting**

WHAT IS OPEB?

- POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)
 - MEDICAL INSURANCE
 - DENTAL INSURANCE
 - VISION INSURANCE
 - LIFE INSURANCE
 - DISABILITY INSURANCE
 - OTHER HEALTH AND DEATH BENEFITS

OBJECTIVES

- *More robust disclosures of assumptions will allow for better informed assessments of the reasonableness of OPEB measurements.*
- *Explanations of how and why the OPEB liability changed from year to year will improve transparency.*
- *The summary OPEB liability information, including ratios, will offer an indication of the extent to which the total OPEB liability is covered by resources held by the OPEB plan, if any.*
- *For employers that provide benefits through OPEB plans that are administered through trusts that meet the specified criteria, the contribution schedules will provide measures to evaluate decisions related to contributions.*

WHO DOES IT APPLY TO?

- *Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria*
- *Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria*
- *Governments that do not provide OPEB through a trust that meets specified criteria*

EFFECTIVE DATES

GASB 74

Fiscal years beginning after June 15, 2016

GASB 75

Fiscal years beginning after June 15, 2017

July 1, 2017 – June 30, 2018

OR

January 1, 2018 – December 31, 2018

REPORTING REQUIREMENTS

- Net OPEB liability will be recorded on the Statement of Financial Position
- OPEB expenses
- Deferred outflows of resources
- Deferred inflows of resources

FOOTNOTE REQUIREMENTS

- Descriptive information
 - Plan information
 - Benefit terms
 - Contributions
 - Availability of plan report
- Significant assumptions
 - Inflation, healthcare costs trends, salary changes, etc.
 - Discount rate
 - Rate, asset allocation, expected rates of return
 - Effect of discount rate +/- 1%

FOOTNOTE REQUIREMENTS

- Employee information
 - Number of employees by category
 - Active, inactive receiving benefits and inactive not receiving benefits
- Schedule of changes in net OPEB liability by source
 - Service cost, interest, benefit changes, contributions by source, investment income, etc.

FOOTNOTE REQUIREMENTS

- For cost-sharing employers:
 - Employer's proportion, basis for proportion and changes in proportion
 - Proportion share of total net OPEB liability
 - Additional information for any special funding situations

FOOTNOTE REQUIREMENTS

- For defined contribution OPEB:
 - Descriptive information about the plan
 - Classes of plan members covered
 - Number of employees in each class
 - Non-employer contributing entities with legal requirements to contribute directly to OPEB

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

Single/Agent Employers

- 10-year schedules
 - Changes in net OPEB liability by source
 - Total OPEB liability
 - Plan net position
 - Plan net position as a % of the total OPEB liability
 - Net OPEB liability
 - Covered employee payroll
 - Net OPEB liability as a % of covered employee payroll
 - Actuarially determined employer contribution and related information
- Notes
 - Methods and assumptions for the actuarially determined employer contribution and any significant changes

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

Cost-sharing Employers

- 10-year schedules
 - Employer's proportion %
 - Proportion share of net OPEB liability
 - Covered employee payroll
 - Proportion share as a % of covered employee payroll
 - OPEB plan's net position as a % of total OPEB liability
- Special funding situation information
- Statutory or contractual contribution requirements
- Notes of any significant changes

IMPLEMENTATION STEPS

- Start the conversation with your actuaries
 - Valuation date
 - Census data provided and initial OPEB liability measured
 - Up to 24 months before OPEB year-end
 - Up to 30 months before employer's year-end
 - Actuarial valuation must be performed at least every two years
 - Measurement date
 - Date that the OPEB liability is measured for reporting
 - No earlier than the end of the employer's prior fiscal year
 - Must apply consistently from period to period
 - Reporting date
 - End of the fiscal year

IMPLEMENTATION STEPS

- Implementation guide expected in Fall 2017
- Participant data
 - Will be tested by auditors
- Start the conversation with your auditors
 - Will you be preparing the required schedules and footnotes or relying on the auditors to assist
 - What will testing of participant data look like