

## **GASB Approves New OPEB Plan Accounting Standard (No. 74)**

June 2, 2015: The Governmental Accounting Standards Board approved 2 new Statements designed to improve accounting and financial reporting for state and local government OPEB plans – GASB 74, the focus of this article – and employers – GASB 75. (See the GASB website for final Statements.)

### **GASB 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (effective for fiscal years starting after June 15, 2016)**

This Statement sets new reporting requirements for government OPEB plans; it replaces GASB 43 and GASB 57. Because it follows Statement 67 (the new pension plan accounting standard) very closely, the required calculations and terms may be familiar.

A summary of GASB 74 follows:

GASB 74 is an *accounting* standard and does not dictate methods or assumptions for determining contributions to an OPEB trust, nor does it require funding the OPEB liability.

- **Applies to DB and DC OPEB plans administered through a trust**
  - Applies whether a stand-alone OPEB plan financial report is issued or the plan itself is included in the financial report of another government
  - *Trust* means contributions are irrevocable, assets are only to provide OPEB benefits to plan members, and assets are legally protected from creditors
  - *OPEB plan* means an arrangement through which OPEB is determined, assets are dedicated and managed, and benefits are paid to plan members
  - DB OPEB plans are classified as single-employer, agent (multiple-employer, assets pooled for investment purposes), or cost-sharing (multiple-employer, assets pooled and available to pay benefits to any employee of any employer in the pool).
- Financial statements
  - DB OPEB plans show Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.
- Notes to financial statements and RSI for DB OPEB plans
  - All plans will include a plan description and information on plan investments
  - Single-employer and cost-sharing plans must show substantially increased note disclosures and supplementary information (all at plan's year-end); this includes:
    - Disclosure of significant assumptions
    - Sensitivity of the plan's net OPEB liability to  $\pm 1\%$  changes in the discount rate and  $\pm 1\%$  changes in the healthcare trend rate
    - 10-year schedule of:
      - Plan's net OPEB liability reconciliation and related ratios
      - Any actuarially determined contributions
      - Investment returns
    - These requirements are similar to GASB 75, so governments should avoid duplicating information reported under that Statement.
  - Agent plans are not required to disclose aggregated net OPEB liabilities of an individual agent employer.

Current CERBT filing requirements are likely to change.

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Bartel Associates looks forward to clarifying your responsibilities under these new OPEB accounting standards.  
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