



Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve

Pension and OPEB Reporting

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GASB Statements 73, 74 and 75



- GASB 73: Accounting and financial reporting for pensions that are not within the scope of GASB 68.
 - Applicable to plans that do not have assets held in a qualified trust as defined under GASB 68
 - Effective date for employers is fiscal years beginning after June 15, 2016 (e.g., fiscal year ending June 30, 2017).
- GASB 74: Financial reporting for OPEB **plans**.
 - Effective date for plans is fiscal years beginning after June 15, 2016 (e.g., fiscal year ending June 30, 2017).
- GASB 75: Accounting and financial reporting for **employers** who have OPEB plans.
 - Effective date for employers is fiscal years beginning after June 15, 2017 (e.g., fiscal year ending June 30, 2018).

GASB 73



- Frequently Asked Questions
- Timing and Frequency
- Our Process
- Report Contents and Sample Exhibits

GASB 73 Summary



- GASB 73 will apply to units who provide the Law Enforcement Officers' Special Separation Allowance (LEOSSA)
 - Also applies to units with only Active Law Enforcement Officers (LEO); not just units with LEO retirees receiving separation allowance payments
- If assets are held in a qualified trust, GASB 68 reporting will be required.

GASB 73 Summary, cont.



- GASB 73 may also apply to certain OPEB arrangements.
 - If the local government unit is providing a stipend or partially subsidizing the cost of health insurance to a retiree, the purposes of the payments should be reviewed to determine if these payments meet the GASB definition of a pension.
 - If the insurance allowance payment is made to the retiree with no enforcement or accountability for its use, it may be considered a pension benefit and subject to GASB 68 or GASB 73.

Frequently Asked Questions



- Does a unit that only has active LEO still have to comply with GASB 73?
 - Yes – There is a liability (TPL) for active LEO, as well as retired LEO.
- Will all units have to complete a GASB 73 report every year?
 - While the valuations can be performed biennially, the GASB 73 disclosures will be required every year.
- What are administrative expenses and why do these need to be provided?
 - A few examples: actuarial report fees, costs to process separation allowance payments, costs to send annual tax statements, staff time to assist employees in projecting retirement amount, staff time in preparing the data we need for the annual study, etc.
 - May need to have a discussion with clients to determine if the amounts other than actuarial fees are material and need to be captured.
 - Administrative expenses will be part of the Pension Expense calculation going forward under GASB 73.
- When will the GASB 73 reports be sent out?
 - Provided we received the memorandum of participation and data collections form from the employer in a timely manner, the reports will be sent via email in late July/early August.
 - Employers can submit a request later in the year and the reports will be processed as soon as possible. Additional fees may apply for rush requests.

Timing and Frequency



- *Valuation Date (VD)*: Date on which census data is collected and valuation liabilities are established.
 - Actuarial valuations must be performed at least biennially.
- *Reporting Date (RD)*: Employer's fiscal year end.
- *Measurement Date (MD)*: Date as of which TPL is determined.
 - Valuation Date (VD) must be no more than 30 months and 1 day earlier than the employers Reporting Date (RD).
 - If the Valuation Date (VD) is before the Measurement Date (MD), then the TPL is rolled forward to the Measurement Date (MD).

Process

LEOSSA (GASB 73)



- Reporting Date = 6/30/2017
 - Most Employers have a 6/30 fiscal year.
- Valuation Date = 12/31/2015
 - Census data for active members is provided by the Local Government Employee's Retirement System
 - Census data for retired members is provided by the employer
- Measurement Date = 12/31/2016
 - The discount rate will be determined as of the measurement date based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale)
 - Liabilities will be calculated as of valuation date and rolled forward to the measurement date
 - All liabilities required to be calculated using the Entry Age Normal (EAN) level percent of pay cost method

Report Exhibits – Roll-Forward



Where applicable, the Financial Notes section will contain the roll-forward calculation.

TPL Roll Forward	(1) Development of TPL for Year Ending 2016 Prior to Assumption Change	(2) Development of TPL for Year Ending 2016 After Assumption Change
(a) Interest Rate	3.57%	3.86%
(b) Valuation Date for Measurement	December 31, 2015	December 31, 2015
(c) TPL as of December 31, 2015	\$71,294	\$69,345
(d) Entry Age Normal Cost for the period January 1, 2016 – December 31, 2016 at the End of the Year	3,878	3,668
(e) Actual Benefit Payments for the period January 1, 2016 – December 31, 2016	1,000	1,000
(f) TPL as of December 31, 2016 = [c * (1 + a)] + d – [e * (1 + a * .5)]	\$76,699	\$74,670
(g) SEIR Change (Gain) / Loss: = (2f) – (1f)		(\$2,029)

GASB 73 Reports



- Reports will contain:
 - Summary page
 - Introduction section
 - Financial Notes section
 - Pension Expense section
 - Deferred Outflows and Inflows section
 - Required Supplementary Information section
 - Summary of Plan Provisions section
 - Actuarial Assumptions and Methods section
 - Actuarial Cost Method section
 - Sample Journal Entries section
 - Journal entries for benefit payments and administrative expenses subsequent to the measurement date but before the reporting date will not be provided (i.e. 1/1/2017 – 6/30/2017)
 - Each employer and/or auditor will be responsible for providing this journal entry once these amounts are known

Major Changes



- Net Pension Liability (NPL) moves to balance sheet of employers. NPL is equal to:
 - Actuarial accrued liability (referred to in statements as Total Pension Liability or TPL)
 - Since there are no assets held in an irrevocable trust, the Fiduciary Net Position (FNP) is equal to the TPL under GASB 73
- The discount rate will be determined as of the measurement date based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale)
 - Also called the Single Equivalent Interest Rate (SEIR)
- Changes since the prior measurement year will be recognized in Pension Expense over the average remaining service life.
 - Assumptions, methods, and other inputs (SEIR)
 - Experience
- Will need to track Deferred Outflows of Resources and Deferred Inflows of Resources (DO/I).

Report Exhibits – Summary Page



The Summary page will contain information such as valuation date, measurement date, membership information, discount rate information

Valuation Date (VD):	December 31, 2015
Measurement Date (MD):	December 31, 2016
Reporting Date (RD):	June 30, 2017
Membership Data as of December 31, 2015:	
Inactive Members or Beneficiaries Currently Receiving Benefits	1
Active Members	<u>7</u>
Total Membership	8
Discount Rate (SEIR):	3.86%
Total Pension Liability as of Measurement Date:	\$ 74,670
Pension Expense:	\$ 6,260
Deferred Outflows of Resources:	\$
Deferred Inflows of Resources:	\$ 1,720

Report Exhibits – Change in TPL



Where applicable, the Financial Notes section will contain a display for the changes in the TPL.

Changes in the Total Pension Liability		
Total Pension Liability as of December 31, 2015	\$	71,294
Changes for the year:		
Service Cost at End of Year		3,878
Interest		2,527
Change in benefit terms		0
Difference between expected and actuarial experience		0
Changes of assumptions or other inputs		(2,029)
Benefit payments		(1,000)
Other		<u>0</u>
Net changes	\$	<u>3,376</u>
Total Pension Liability as of December 31, 2016	\$	<u><u>74,670</u></u>

Report Exhibits – Pension Expense



Pension Expense (PE) section will display the calculation of the PE.

Pension Expense	
Service Cost at end of year	\$ 3,878
Interest on the Total Pension Liability	2,527
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	0
Expensed portion of current-period changes of assumptions or other inputs	(309)
Administrative Expense	164
Other	0
Recognition of beginning Deferred Outflows of Resources as Pension Expense	0
Recognition of beginning Deferred Inflows of Resources as Pension Expense	<u>0</u>
Pension Expense	<u>\$6,260</u>

Report Exhibits – DO/I



Financial Notes section will contain a summary of the Deferred Outflows and Deferred Inflows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Changes of assumptions or other inputs	0	1,720
Benefit Payments and Administrative Expenses subsequent to the measurement date*	<u>*</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>\$ 1,720</u>

* Amounts reported subsequent to the measurement date will need to be provided by the employer once the information is available. CMC will not be providing these amounts.

Report Exhibits – DO/I



Financial Notes section will contain an exhibit of the Deferred Outflows and Deferred Inflows to be recognized in the Pension expense.

Year ended June 30:	Deferred Outflows of Resources (a)	Deferred Inflows of Resources (b)	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense (a) – (b)
2018	\$0	\$309	(\$309)
2019	\$0	\$309	(\$309)
2020	\$0	\$309	(\$309)
2021	\$0	\$309	(\$309)
2022	\$0	\$309	(\$309)
Thereafter	\$0	\$175	(\$175)

Major Changes



- Employers are required to provide substantial additional disclosures including:
 - Extensive footnote disclosure and supplementary information required. 10 year schedules of many items.
 - Sensitivity disclosures: +/- 1% discount rate.
 - Cost-sharing employers will need to report proportionate share of NPL, Pension expense and deferred inflows and outflows.
 - Must account for special funding situations when a non-employer contributing entity is present.

Report Exhibits - Sensitivity



Financial Notes section will provide the sensitivity information.

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Total Pension Liability	\$76,699	\$74,670	\$68,028

Report Exhibits - Membership



The Financial Notes section will contain various exhibits along with the GASB paragraph to which they correspond. For example:

Category	Number
Inactive Members Currently Receiving Benefits	1
Active Members	7
Total	8

Report Exhibits – Not Included



The reports will also indicate various paragraphs for which we are not providing specific information. For example:

- **Under GASB 73 - Paragraphs 41(a)-(b):** CMC will not supply this information.
 - The name of the plan, identification of the entity that administers the pension plan, and identification of the pension plan as a single employer or multi-employer defined benefit pensions plan.
 - A brief description of the benefit terms, including (1) the classes of employees covered; (2) the types of benefits; (3) the key elements of the pension formulas; (4) the terms or policies, if any, with respect to automatic postemployment benefit changes, including automatic COLAs, and ad hoc postemployment benefit changes, including ad hoc COLAs; and (5) the authority under which benefit terms are established or may be amended. If the pension plan is closed to new entrants, that fact should be disclosed.

Report Exhibits – Not Included



- **Under GASB 73 - Paragraph 41(e):** CMC will not supply this information.
 - Identification of the authority under which requirements for the employer and nonemployer contributing entities, if any, to pay pension as the benefits come due are established or may be amended.

- **Under GASB 73 - Paragraph 44(j):** CMC will not supply this information.
 - The amount of revenue recognized for the support provided by nonemployer contributing entities, if any.

GASB 74 / 75



- Timing and Frequency
- Our Process
- Sample Report Exhibits
- Miscellaneous

Timing and Frequency

Funded OPEB Plans (GASB 74)



- *Valuation Date (VD)*: Date as of which Total OPEB Liability (TOL) is determined.
 - Actuarial valuations must be at least biennial.
 - Not 3 years, even if fewer than 200 participants.
 - Alternative measurement method still permitted if there are fewer than 100 plan members (active and inactive) as of the beginning of the OPEB plan's fiscal year.
- *Measurement Date (MD)*: Date as of which TOL, FNP, and NOL are determined.
 - The Reporting Date (RD).
 - Valuation Date (VD) must be no more than 24 months prior to the OPEB plan's Reporting Date (RD).
 - If the Valuation Date (VD) is before the Reporting Date (RD), then the TOL is rolled forward to the Reporting Date (RD).
- *Reporting Date (RD)*: **OPEB plan's** fiscal year end.

Process

Funded OPEB Plans (GASB 74)



- Valuations will be prepared biennially. Disclosures will be prepared every year.

Year 1

- Valuation Date = 6/30/2016
 - Census data collected as of the valuation date
 - Claims and premium information collected and analyzed as of the valuation date
- Measurement Date 1 = Reporting Date 1 = 6/30/2017
 - SEIR will be determined as of the measurement date
 - Liabilities will be calculated as of valuation date and rolled forward to the measurement date
 - Asset information will be collected as of the measurement date

Process

Funded OPEB Plans and Employers (GASB 74 and 75)



Year 2

- Valuation Date = 6/30/2016 (same as year 1)
 - Census data collected as of the valuation date
 - Claims and premium information collected and analyzed as of the valuation date
- Measurement Date 2 = Reporting Date 2 = 6/30/2018
 - SEIR will be determined as of the measurement date
 - Liabilities will be calculated as of valuation date and rolled forward to the measurement date
 - Asset information will be collected as of the measurement date
 - OPEB expense will be determined for the fiscal year

Report Exhibits – Roll-Forward



Financial Notes section will contain the roll-forward calculation.

TOL Roll-Forward	
(a) TOL as of June 30, 2017*	\$ 5,963,203
(b) Actual Benefit Payments and Refunds for the Year July 1, 2017 – June 30, 2018	(114,216)
(c) Interest on TOL = [(a) x (0.049)] + [(b) x (0.0245)]	289,399
(d) Service Cost at the End of the Year for July 1, 2017 – June 30, 2018	168,905
(e) Changes of Benefit Terms	0
(f) Differences Between Expected and Actual Experience at the End of the Year	0
(g) Changes of Assumptions or Other Inputs	<u>(201,923)</u>
(h) TOL Rolled Forward to June 30, 2018 = (a) + (b) + (c) + (d) + (e) + (f) + (g)	\$ 6,105,368

* The TOL used in the roll forward as of June 30, 2017 is calculated using the discount rate as of the Prior Measurement Date.

Timing and Frequency

Unfunded OPEB Plans and Employers (GASB 75)



- *Valuation Date (VD)*: Date as of which Total OPEB Liability (TOL) is determined.
 - Actuarial valuations must be at least biennial.
 - Valuation Date (VD) must be no more than 30 months plus 1 day prior to the employer's Reporting Date (RD).
 - If VD before MD, then TOL is rolled forward to MD.
- *Measurement Date (MD)*: Date as of which TOL, FNP, NOL, OE, and DI/O are determined.
 - No earlier than previous fiscal year end.
 - NOL and OE reported on RD without adjustment.
 - If RD is subsequent to MD, need to disclose deferred outflows of resources related to OPEB.
- *Reporting Date (RD)*: **Employer's** fiscal year end.
- Timing is to be consistently applied.

Process

Unfunded OPEB Plans and Employers (GASB 75)



- Most Employers have a 6/30 fiscal year.
- Valuation Date = Measurement Date 1 = 6/30/2017 will be used for Reporting Date 1 = 6/30/2018 (Year 1)
 - Census data collected as of the valuation date
 - Claims and premium information collected and analyzed as of the valuation date
 - SEIR will be determined as of measurement date 1
 - Liabilities will be calculated as of valuation date / measurement date 1
 - OPEB expense will determined for the fiscal year
- Measurement Date 2 = 6/30/2018 will be used for Reporting Date 2 = 6/30/2019 (Year 2)
 - SEIR will be determined as of measurement date 2
 - Liabilities will be calculated as of valuation date and rolled forward to the measurement date 2
 - OPEB expense will determined for the fiscal year

GASB 74/75 Reports



- Three report types
 - GASB 74 – for 6/30/2017 transition year – funded plans only
 - GASB 74/75 – for 6/30/2018 and beyond – funded plans only
 - GASB 75 – for 6/30/2018 and beyond – unfunded plans
- All three reports will contain:
 - Summary page
 - Introduction section
 - Financial Notes section
 - Required Supplementary Information section
 - Summary of Plan Provisions section
 - Actuarial Assumptions and Methods section
 - Actuarial Cost Method section
- The reports for 6/30/2018 and beyond will also contain:
 - OPEB Expense section
 - Deferred Outflows and Inflows section

GASB 45



- Employers will need to disclose under GASB 45 for 6/30/2017.
- For most employers, this will mean an updated Net OPEB Obligation (NOO).
- Some employers with unfunded OPEB plans will need one more GASB 45 valuation.
 - Those employers will be on the “GASB 74 schedule” in that we will prepare a 6/30/2016 valuation
 - The 6/30/2016 valuation will be used to prepare 6/30/2017 GASB 45 disclosure information
 - The 6/30/2016 valuation will be the basis for the 6/30/2018 GASB 75 disclosure information

Major Changes



- Net OPEB Liability (NOL) moves to balance sheet of employers. NOL is:
 - Actuarial accrued liability (referred to in statements as Total OPEB Liability or TOL), less
 - Plan's Fiduciary Net Position (FNP = market value of assets)
- If current and expected future plan assets related to current members are insufficient to cover future benefit payments, the long-term rate of return cannot be used as the discount rate.
 - Blended rate is developed.
 - Long-term rate of return is used for period where qualified plan assets are available for benefit payments.
 - High quality municipal bond rate is used for projected benefit payments not covered by plan assets (when plan is funded on a pay-as-you-go basis).
 - We are calling this the Single Equivalent Interest Rate (SEIR)

Report Exhibits – Summary Page



The Summary page will contain information such as valuation date, measurement date, membership information, discount rate information and liabilities.

Valuation Date (VD):	June 30, 2016
Prior Measurement Date:	June 30, 2016
Measurement Date (MD):	June 30, 2017
Membership Data as of June 30, 2016:	
Inactive Members or Beneficiaries Currently Receiving Benefits	23
Active Members	<u>76</u>
Total Membership	99
Discount Rate:	
Long-Term Expected Rate of Return	7.00%
Municipal Bond Index Rate at Prior Measurement Date	3.01%
Municipal Bond Index Rate at Measurement Date	3.95%
Year in which Fiduciary Net Position is Projected to be Depleted	2039
Single Equivalent Interest Rate at Prior Measurement Date	4.05%
Single Equivalent Interest Rate at Measurement Date	4.90%
Net OPEB Liability as of Measurement Date:	
Total OPEB Liability (TOL)	\$ 5,963,203
Fiduciary Net Position (FNP)	<u>1,029,796</u>
Net OPEB Liability (NOL = TOL – FNP)	\$ 4,933,407
FNP as a percentage of TOL	17.27%

Report Exhibits – Change in NOL



Financial Notes section will contain a display for the changes in the NOL (or TOL if unfunded).

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2017	\$ 5,963,203	\$ 1,029,796	\$ 4,933,407
Changes for the year:			
Service Cost at end of year	168,905		168,905
Interest	289,399		289,399
Change in benefit terms	0		0
Difference between expected and actual experience	0		0
Changes of assumptions or other inputs	(201,923)		(201,923)
Contributions - employer		114,216	(114,216)
Contributions – non-employer		0	0
Contributions – active member		0	0
Net investment income		65,948	(65,948)
Benefits payments	(114,216)	(114,216)	0
Administrative expenses		0	0
Other changes		0	0
Net changes	<u>\$ 142,165</u>	<u>\$ 65,948</u>	<u>\$ 76,217</u>
Balances at June 30, 2018	<u>\$ 6,105,368</u>	<u>\$ 1,095,744</u>	<u>\$ 5,009,624</u>

Report Exhibits – Rate of Return



For funded plans, an exhibit of particular interest in the Financial Notes section is information about the long-term expected return on plan assets. To the extent we receive the information, it will be displayed.

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	<u>7.00%</u>	7.15%
Total	100.00%	

Note: In setting the long-term expected return for the Plan, projections employed to model future returns provide a range of expected long-term returns that ultimately support a long-term expected rate of return assumption of 7.00%.

Not all plans will provide the information. In this case, we will indicate the rate was determined by the employer.

Major Changes



- All plans required to use Entry Age Normal (EAN) level percent of pay cost method to develop the Total OPEB Liability (TOL).
 - Many OPEB benefits are not pay related.
 - Method said to be chosen to enhance comparability.
- Annual changes in Net OPEB Liability (NOL) will generally be reported as OPEB expense (OE) as they occur.
 - Individual EAN level percent of pay normal cost
 - Interest on the NOL
 - Immediate recognition of changes in active and inactive liability due to plan amendments
 - Deferred recognition (over average remaining service life) of changes in active and inactive liability due to assumption changes and actual experience
 - Deferred recognition of investment gains and losses over five years
- Will need to track Deferred Outflows of Resources and Deferred Inflows of Resources (DO/I).

Report Exhibits – OPEB Expense



Beginning for FYE 6/30/2018, the OPEB Expense (OE) section will display the calculation of the OE.

OPEB Expense For Year Ending June 30, 2018	
Service Cost at end of year	\$ 168,905
Interest on the Total OPEB Liability	289,399
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	0
Expensed portion of current-period changes of assumptions or other inputs	(27,061)
Active member contributions	0
Projected earnings on plan investments	(72,086)
Expensed portion of current-period differences between projected and actuarial earnings on plan investments	1,228
Administrative expense	0
Other	0
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	0
Recognition of beginning Deferred Inflows of Resources as OPEB Expense	<u>0</u>
OPEB Expense	<u>\$ 360,385</u>

Report Exhibits – DO/I



Beginning for FYE 6/30/2018, the Financial Notes section will contain a summary of the Deferred Outflows and Deferred Inflows.

	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Changes of assumptions or other inputs	0	(174,862)
Net difference between projected and actual earnings on Plan investments	<u>1,228</u>	<u>0</u>
Total	<u>\$ 1,228</u>	<u>\$ (174,862)</u>

Report Exhibits – DO/I



Beginning for FYE 6/30/2018, the Financial Notes section will contain an exhibit of the Deferred Outflows and Deferred Inflows to be recognized in the OPEB expense.

Measurement Period Ended June 30:		
2019	\$	(25,833)
2020	\$	(25,833)
2021	\$	(25,833)
2022	\$	(25,835)
2023	\$	(27,061)
Thereafter	\$	(39,557)

Report Exhibits – DO/I



For 6/30/2018 and later, the Balances of Deferred Outflows and Deferred Inflows section will provide exhibits of the deferred outflows and inflows by source. For example:

Fiscal Year Ending June 30	Increases in Total OPEB Liability ¹ (a)	Decreases in Total OPEB Liability ¹ (b)	Recognition Period (Years) (c)	Amounts Recognized in OPEB Expense through June 30, 2018 ² (d)	Balances as of June 30, 2018 ³	
					Deferred Outflows of Resources (a) – (d)	Deferred Inflows of Resources (b) – (d)
2018	\$ 0	\$ (201,923)	7.46	\$ (27,061)	\$ 0	\$ (174,862)
					\$ 0	\$ (174,862)

¹There are no increases or decreases in the Total OPEB Liability resulting from assumption changes to be recognized from periods prior to July 1, 2017. Increases in Total OPEB Liability are presented as positive amounts. Decreases in Total OPEB Liability are presented as negative amounts.

²Positive amounts increase the OPEB Expense and decrease the Deferred Outflows of Resources balances. Negative amounts decrease the OPEB Expense and decrease the Deferred Inflows of Resources balances.

³Deferred Outflows of Resources are presented as positive amounts. Deferred Inflows of Resources are presented as negative amounts.

Major Changes



- Employers are required to provide substantial additional disclosures including:
 - Extensive footnote disclosure and supplementary information required. 10 year schedules of many items.
 - Sensitivity disclosures: +/- 1% discount rate, +/- 1% health trend = 4 additional NOL measurements.
 - Cost-sharing employers will need to report proportionate share of NOL, OPEB expense and deferred inflows and outflows.
 - Must account for special funding situations when a non-employer contributing entity is present.

Report Exhibits - Sensitivity



The Financial Notes section will provide the sensitivity information. For funded plans, the information is based on NOL. For unfunded plans, the information is based on TOL.

Health Care Cost Trend Rates			
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 4,065,850	\$ 5,009,624	\$ 6,207,981

Discount Rates			
	1% Decrease (4.12%)	Current Discount Rate (5.12%)	1% Increase (6.12%)
Net OPEB Liability	\$ 6,009,933	\$ 5,009,624	\$ 4,200,331

Report Exhibits - Membership



The Financial Notes section will contain various exhibits along with the GASB paragraph to which they correspond. For example:

Paragraph 34(a)(4): The data required regarding the membership of the Plan was furnished by the Employer. The following table summarizes the membership of the Plan as of June 30, 2016, the Valuation Date.

Membership

Number	
Inactive Employees or Beneficiaries Currently Receiving Benefits	23
Active Employees	76
Total Membership	99

Report Exhibits - ADC



For funded plans, the Financial Notes section will contain the development of the Actuarially Determined Contribution (ADC).

Actuarially Determined Contribution		
For Fiscal Years Ending June 30, 2017 and June 30, 2018		
Contribution Component	Dollar Amount	ADC as a Percentage of Compensation
Normal Cost	\$ 86,140	1.36%
Unfunded Accrued Liability Amortization Payment	<u>171,421</u>	<u>2.56%</u>
Total Contribution	257,561	3.92%

Report Exhibits – Not Included



The reports will also indicate various paragraphs for which we are not providing specific information. For example:

- **Under GASB 74 - Paragraphs 34(a)(1)-(3):** CMC is not expected to supply this information.
 - The name of the plan, identification of the entity that administers the plan, and identification of the plan as a single employer, agent, or cost-sharing plan.
 - The number of participating employers and nonemployer contributing entities
 - Information regarding the OPEB plan's board and its composition
- **Under GASB 74 - Paragraph 34(b):** CMC is not expected to supply this information.
 - Investment policies
 - Identification of investments in any one organization that represent 5% percent or more of the OPEB plan's fiduciary net position
 - The annual money-weighted rate of return on OPEB plan investments

Report Exhibits – Not Included



- **Under GASB 75 - Paragraph 50(d):** CMC is not expected to supply this information.
 - brief description of the basis for determining the employer's contributions to the OPEB plan
 - Identification of the authority under which contribution requirements are established or amended
 - legal or contractual maximum contribution rates
 - the contribution rates of the employer and nonemployer contributing entities

Miscellaneous



- Employers may include the GASB 74 information in their financial statement for 6/30/2017 if no separate financial statement is prepared for the Trust
- OPEB Assets are monies set aside in a Trust or Trust like arrangement for the sole purpose of providing OPEB benefits for retirees that cannot be used to pay active health care costs or any other benefits.
- Comparing OPEB counts and pay to LEO – you can't
 - Valuation dates are different
 - Many plans cover different groups of people
- Employers with OPEB plan benefits offered through the State Health Plan will receive their OPEB disclosure information from the State. An OPEB valuation may be needed for any ancillary benefits not provided through the State Health Plan.