REPORTING

INSTRUCTIONS TO PREPARER: The instructions below assume the plan **is** administered through a qualifying trust and there is no special funding situation. See paragraphs 47 through 58 of GASB Statement 75.

If applicable, the notes should separately identify amounts for the primary government (including blended component units) from amounts for discretely presented component units.

**Note X – Defined Benefit Other Postemployment Benefit (OPEB) Plans**

*The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASBS 75 for the year 20\_\_:*

|  |  |
| --- | --- |
| ***Aggregate OPEB Amounts – All Plans*** | |
| *OPEB liabilities* | *$* |
| *OPEB assets* | *$* |
| *Deferred outflows of resources* | *$* |
| *Deferred inflows of resources* | *$* |
| *OPEB expense/expenditures* | *$* |

INSTRUCTIONS TO PREPARER: The table appears once in the notes and reports the aggregate amounts for all plans, regardless of the type of OPEB plan and whether or not it is administered through a qualifying trust. OPEB assets would be relevant only for plans that are administered through a qualifying trust.

**OPEB Plan Description**

Plan descriptions are specific to each plan and the following information (a. through e.) should be disclosed about each OPEB plan.

**a.** The name of the OPEB plan, identiﬁcation of the entity that administers the OPEB plan, and identiﬁcation of the OPEB plan as a single-employer or agent OPEB plan. The number of participating employers (if an agent or cost-sharing plan). Information regarding the OPEB plan’s board and its composition.

**b.** 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 OPEB formulas; (4) the terms or policies, if any, with respect to automatic postemployment beneﬁt changes, including automatic COLAs, ad hoc postemployment beneﬁt changes, including ad hoc COLAs, and the sharing of beneﬁt-related costs with inactive employees; and (5) the authority under which beneﬁt terms are established or may be amended. If the OPEB plan is closed to new entrants, that fact should be disclosed.

**c.** The number of employees covered by the beneﬁt terms, separately identifying numbers of the following: (1) Inactive employees currently receiving beneﬁt payments (2) Inactive employees entitled to but not yet receiving beneﬁt payments (3) Active employees. Note: “inactive employee” = retiree.

***Employees covered by benefit terms:***  *At December 31, 20\_\_, the following employees were covered by the benefit terms:*

|  |  |
| --- | --- |
| *Inactive employees or beneficiaries currently receiving benefits* | *1,000* |
| *Inactive employees entitled to but not yet receiving benefits* | *100* |
| *Active employees* | *10,000* |
| *Total* | *11,100* |

**d.** A brief description of contribution requirements, including (1) the basis for determining the employer’s contributions to the OPEB plan (for example, statute, contract, an actuarial basis, or some other manner); (2) identiﬁcation of the authority under which contribution requirements of the employer, nonemployer contributing entities, if any, and employees are established or may be amended; (3) legal or contractual maximum contribution rates, if applicable; and (4) the contribution rates (in dollars or as a percentage of covered payroll) of the employer, nonemployer contributing entities, if any, and employees for the reporting period. Also, the amount of contributions recognized by the OPEB plan from the employer during the reporting period, excluding amounts resulting from contributions recognized by the OPEB plan as noncurrent receivables, if not otherwise disclosed.

**e.** Whether the OPEB plan issues a stand-alone ﬁnancial report (or the OPEB plan is included in the report of another government) that is available to the public and, if so, how to obtain the report (for example, a link to the OPEB plan report on the employer’s website).

**Assumptions and Other Inputs**

Signiﬁcant assumptions and other inputs used to measure the total OPEB liability, including assumptions about inﬂation, healthcare cost trend rates, salary changes, ad hoc postemployment beneﬁt changes (including ad hoc COLAs), and the sharing of beneﬁt-related costs with inactive employees, should be disclosed, as applicable. For all signiﬁcant assumptions, if different rates are assumed for different periods, information should be disclosed about what rates are applied to the different periods of the measurement.

In addition, the following information related to assumptions and other inputs should be disclosed, as applicable:

**a.** The fact that projections of the sharing of beneﬁt-related costs are based on an established pattern of practice.

**b.** The source of the mortality assumptions (for example, the published tables on which the assumptions are based or that the assumptions are based on a study of the experience of the covered group).

**c.** The dates of experience studies on which signiﬁcant assumptions are based.

**d.** If the alternative measurement method is used to measure the total OPEB liability, the source of or basis for all signiﬁcant assumptions selected in conformity with paragraph 225 of GASBS 75.

**e.** If applicable, measures of the net OPEB liability calculated using (1) a healthcare cost trend rate that is 1-percentage-point higher than the assumed healthcare cost trend rate and (2) a healthcare cost trend rate that is 1-percentage-point lower than the assumed healthcare cost trend rate. Note: this information should come from your actuarial valuation.

*The following presents the net OPEB liability of the (city/county/district) calculated using the current healthcare cost trend rate of 6.8 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8 percent) or 1-percentage point higher (7.8 percent) that the current rate.*

|  |  |  |  |
| --- | --- | --- | --- |
|  | *1% Decrease*  *(5.8%)* | *Current Healthcare Cost Trend Rate*  *(6.8%)* | *1% Increase*  *(7.8%)* |
| *Net OPEB Liability* | *$5,000,000* | *$3,000,000* | *$1,500,000* |

The following information should be disclosed about the **discount rate**:

**a.** The discount rate applied in the measurement of the total OPEB liability and the change in the discount rate since the prior measurement date, if any

**b.** Assumptions made about projected cash ﬂows into and out of the OPEB plan, such as contributions from the employer, nonemployer contributing entities, and employees

**c.** The long-term expected rate of return on OPEB plan investments and a brief description of how it was determined, including signiﬁcant methods and assumptions used for that purpose

**d.** If the discount rate incorporates a municipal bond rate, the municipal bond rate used and the source of that rate

**e.** The periods of projected beneﬁt payments to which the long-term expected rate of return and, if used, the municipal bond rate are applied in determining the discount rate

**f.** The assumed asset allocation of the OPEB plan’s portfolio, the long-term expected real rate of return for each major asset class, and whether the expected rates of return are presented as arithmetic or geometric means, if not otherwise disclosed

**g.** Measures of the net OPEB liability calculated using (1) a discount rate that is 1-percentage-point higher than current rate and (2) a discount rate that is 1-percentage-point lower than the current rate.Note: This information should come from your actuarial valuation.

*The following presents the net OPEB liability of the (city/county/district) calculated using the discount rate of 3.5 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5 percent) or 1-percentage point higher (4.5 percent) that the current rate.*

|  |  |  |  |
| --- | --- | --- | --- |
|  | *1% Decrease*  *(2.5%)* | *Current Discount Rate*  *(3.5%)* | *1% Increase*  *(4.5%)* |
| *Net OPEB Liability* | *$6,000,000* | *$3,000,000* | *$2,000,000* |

**Changes in the Net OPEB Liability**

For the current reporting period, a schedule of changes in the net OPEB liability should be presented. Note: This information should come from your actuarial valuation.

\*If the alternative measurement method was used, you may combine the amounts for differences between expected and actual experience and changes of assumptions.

|  |  |  |  |
| --- | --- | --- | --- |
| *Plan Name* | *Total OPEB Liability*  *(a)* | *Plan Fiduciary Net Position*  *(b)* | *Net OPEB Liability*  *(a)–(b)* |
| *Balances at 1/1/20\_\_* | *$* | *$* | *$* |
| *Changes for the year:* |  |  |  |
| *Service cost* |  |  |  |
| *Interest* |  |  |  |
| *Changes of benefit terms* |  |  |  |
| *\*Differences between expected and actual experience* |  |  |  |
| *\*Changes of assumptions* |  |  |  |
| *Contributions – employer* |  |  |  |
| *Contributions – employees* |  |  |  |
| *Net investment income* |  |  |  |
| *Benefit payments, including refunds of contributions* |  |  |  |
| *Administrative expense* |  |  |  |
| *Other changes* |  |  |  |
| *Net changes* |  |  |  |
| *Balances at 12/31/20\_\_* |  |  |  |

In addition to the information required above, the following information should be disclosed, if applicable:

**a.** The measurement date of the net OPEB liability; the date of the actuarial valuation or alternative measurement method calculation on which the total OPEB liability is based; and, if applicable, the fact that update procedures were used to roll forward the total OPEB liability to the measurement date. If the alternative measurement method is used to measure the total OPEB liability, the fact that this alternative method was used in place of an actuarial valuation also should be disclosed.

**b.** If the employer has a special funding situation, the employer’s proportion (percentage) of the collective net OPEB liability, the basis on which its proportion was determined, and the change in its proportion since the prior measurement date.

**c.** A brief description of changes of assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement date.

**d.** A brief description of changes of beneﬁt terms that affected measurement of the total OPEB liability since the prior measurement date.

**e.** The amount of beneﬁt payments in the measurement period attributable to the purchase of allocated insurance contracts, a brief description of the beneﬁts for which allocated insurance contracts were purchased in the measurement period, and the fact that the obligation for the payment of beneﬁts covered by allocated insurance contracts has been transferred from the employer to one or more insurance companies.

**f.** A brief description of the nature of changes between the measurement date of the net OPEB liability and the employer’s reporting date that are expected to have a signiﬁcant effect on the net OPEB liability, and the amount of the expected resultant change in the net OPEB liability, if known.

**g.** The amount of OPEB expense recognized by the employer in the reporting period.

**h**. The employer’s balances of deferred outﬂows of resources and deferred inﬂows of resources related to OPEB, if applicable:

[Note: This information should come from your actuarial valuation. Under the alternative measurement method, deferred outflows and inflows are not calculated for anything other than payments subsequent to the measurement date.]

*At December 31, 20\_\_, the (city/county/district) reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:*

|  |  |  |
| --- | --- | --- |
|  | *Deferred Outflows of Resources* | *Deferred Inflows of Resources* |
| *Differences between expected and actual experience* | *$* | *$* |
| *Changes of assumptions* | *$* | *$* |
| *Net difference between projected and actual investment earnings on OPEB plan investments* | *$* | *$* |
| *Contributions subsequent to the measurement date* | *$* | *$* |
| *TOTAL\** | *$* | *$* |

*\** Total should agree to amounts presented in the financial statements.

For each of the subsequent ﬁve years, and in the aggregate thereafter, the net amount of the employer’s balances of deferred outﬂows of resources and deferred inﬂows of resources in the table above that will be recognized in the employer’s OPEB expense.

Prepare a separate table for each plan:

*Deferred outflows of resources of $\_\_\_\_\_\_\_\_\_\_ resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:*

|  |  |
| --- | --- |
| *Year ended December 31:* | *Plan Name* |
| *2019* | *$* |
| *2020* | *$* |
| *2021* | *$* |
| *2022* | *$* |
| *2023* | *$* |
| *Thereafter* | *$* |

**The following information is required by GASB Statement 74 for employers who do not issue a separate, stand-alone financial report for the plan.**

**OPEB Plan Investments**

1. Investment policies, including:
   1. Procedures and authority for establishing and amending investment policy decisions.
   2. Policies pertaining to asset allocation.
   3. Description of significant investment policy changes during the reporting period.
2. Identification of investments (other than those issued or explicitly guaranteed by the U.S. government) in any one organization that represents 5 percent or more of the OPEB plan’s fiduciary net position.
3. The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, and an explanation that a money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested. OPEB plan investment expense should be measured on the accrual basis of accounting. Inputs to the internal rate of return calculation should be determined at least monthly. The use of more frequently determined inputs is encouraged.

**Receivables**

The terms of any long-term contracts for contributions to the OPEB plan between an employer or nonemployer contributing entity and the OPEB plan, and the balances outstanding on any such long-term contracts at the end of the OPEB plan’s reporting period.

**Reserves**

In circumstances in which there is a policy of setting aside, for purposes such as benefit increases or reduced employer contributions, a portion of the OPEB plan’s fiduciary net position that otherwise would be available for existing OPEB or for OPEB plan administration:

1. A description of the policy related to such reserves
2. The authority under which the policy was established and may be amended
3. The purposes for and conditions under which the reserves are required or permitted to be used
4. The balances of the reserves.

INSTRUCTIONS TO PREPARER: The following information should be included in the city/county/district’s RSI section of financial statements.

**Required Supplementary Information**

The required supplementary information identiﬁed in subparagraphs (a)-(d), as applicable, should be presented separately for each single-employer and agent OPEB plan through which OPEB is provided. The information indicated in subparagraphs (a) and (b) should be determined as of the measurement date of the net OPEB liability and may be presented in a single schedule. The information in subparagraphs (c) and (d) should be determined as of the employer’s most recent ﬁscal year-end. If a primary government and one or more of its component units provide OPEB through the same single employer or agent OPEB plan, required supplementary information in the reporting entity’s ﬁnancial statements should present information for all beneﬁts provided by the reporting entity through the single-employer or agent OPEB plan.

**Schedule of Changes in Net OPEB Liability and Related Ratios** (You may access [here](https://www.sao.wa.gov/gaap_p4_rsi-opebqualtrust-2/) the supporting spreadsheet.)

**a.** A 10-year schedule of changes in the net OPEB liability that separately presents the information required for each year.

**b.** A 10-year schedule presenting the following for each year:

(a) The total OPEB liability

(b) The OPEB plan’s ﬁduciary net position

(c) The net OPEB liability

(d) The OPEB plan’s ﬁduciary net position as a percentage of the total OPEB liability

(e) The covered-employee payroll. Unlike pension RSI, which uses covered payroll (the payroll on which contributions to a plan are based), this schedule requires covered-employee payroll – the payroll of employees that are provided with OPEB through the OPEB plan.

(f) The net OPEB liability as a percentage of covered-employee payroll.

**Schedule of Employer Contributions**

**c.** If an actuarially determined contribution is calculated, a 10-year schedule presenting the following for each year:

(1) The actuarially determined contribution of the employer. For purposes of this schedule, actuarially determined contributions should exclude amounts, if any, associated with payables to the OPEB plan that arose in a prior ﬁscal year and those associated with separately ﬁnanced speciﬁc liabilities of the individual employer to the OPEB plan.

(2) The amount of contributions recognized by the OPEB plan in relation to the actuarially determined contribution of the employer. For purposes of this schedule, contributions should exclude amounts resulting from contributions recognized by the OPEB plan as noncurrent receivables.

(3) The difference between the actuarially determined contribution of the employer and the amount of contributions recognized by the OPEB plan in relation to the actuarially determined contribution of the employer.

(4) The covered-employee payroll.

(5) The amount of contributions recognized by the OPEB plan in relation to the actuarially determined contribution of the employer as a percentage of covered-employee payroll.

**d.** If an actuarially determined contribution is not calculated and the contribution requirements of the employer are statutorily or contractually established, a 10-year schedule presenting the following for each year:

(1) The statutorily or contractually required employer contribution. For purposes of this schedule, statutorily or contractually required contributions should exclude amounts, if any, associated with payables to the OPEB plan that arose in a prior ﬁscal year and those associated with separately ﬁnanced speciﬁc liabilities of the individual employer to the OPEB plan.

(2) The amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution. For purposes of this schedule, contributions should exclude amounts resulting from contributions recognized by the OPEB plan as noncurrent receivables.

(3) The difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution.

(4) The covered-employee payroll.

(5) The amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution as a percentage of covered-employee payroll.

**Schedule of Investment Returns**

A 10-year schedule presenting for each fiscal year the annual money weighted rate of return on OPEB plan investments.

**Notes to Required Schedules**

Signiﬁcant methods and assumptions used in calculating the actuarially determined contributions, if any, should be presented as notes to the schedule. In addition, for each of the schedules required, information should be presented about factors that signiﬁcantly affect trends in the amounts reported (for example, changes of beneﬁt terms, changes in the size or composition of the population covered by the beneﬁt terms, or the use of different assumptions). Information about investment related factors that signiﬁcantly affect trends in the amounts reported should be limited to those factors over which the OPEB plan or the participating governments have inﬂuence (for example, changes in investment policies). Information about external, economic factors (for example, changes in market prices should not be presented. (The amounts presented for prior years should not be restated for the effects of changes – for example, changes of beneﬁt terms or changes of assumptions – that occurred subsequent to the measurement date of that information.)