

## Government Notes

# Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

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The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

This e-newsletter will summarize for New York State municipalities and school districts the major provisions of Statement No. 75 which is **effective for fiscal years beginning after June 15, 2017**.

### Other Postemployment Benefits

Inasmuch as New York State has not authorized the establishment of an Other Postemployment Benefit (OPEB) trust fund, New York municipalities and school districts are now required by this new Statement to report on its financial statements the **total OPEB liability** related to its employees. The prior standard allowed for the amortization of prior service cost over a 30-year period.

### Note Disclosures and Supplementary Information

The Statement also requires all municipalities and school districts to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities.

The new note disclosures must include:

- a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than that assumed in the financial statements
- a schedule showing the causes of the increases and decreases in the OPEB liability
- a schedule comparing the governmental entity's actual OPEB contributions to its contribution requirements.

### Objective: Consistency and Completeness

GASB Statement No. 75 parallels the pension standard in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Together, these two new standards provide consistent and comprehensive disclosure for all postemployment benefits.

## Contact Us

For more information or if you have any questions on compliance with governmental auditing, review and/or compilation reporting requirements, please contact Scott P. Oling, CPA, Partner at [soling@pkfod.com](mailto:soling@pkfod.com).

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