



State of Louisiana
Division of Administration
Office of Statewide Reporting and Accounting Policy

August 12, 2008

OSRAP MEMORANDUM 09-05

TO: Fiscal Officers

FROM: Afranie Adomako, CPA
Director

SUBJECT: Reporting Postemployment Benefits in Annual Fiscal Reports (AFR) for Fiscal Year Ended June 30, 2008

This is a follow-up to the Office of Statewide Reporting and Accounting Policy's (OSRAP) memorandum #06-26, which notified fiscal officers of Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment (OPEB) Benefits Other Than Pensions*. The memorandum discussed the implementation of these two statements. GASB Statement No. 43 was implemented in fiscal year 2007 and GASB 45 is being implemented in fiscal year 2008.

GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (e.g., life insurance) when provided separately from a pension plan. Sole and agent employers are required to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting. For fiscal year 2008, annual OPEB cost is equal to the employer's Annual Required Contribution (ARC) to the plan.

OSRAP sent out the AFR packets recently, which contained the GASB 45 reporting and note disclosure requirements and a Glossary of Terms in the appendix. Also a new account line was added to the balance sheet called "OPEB payable" to record your entity's OPEB liability. The AFR cover letter noted that the Office of Group Benefits' (OGB) *Post-Retirement Benefit Valuation Report under GASB 45* would be available at a future date and that the report would contain your entity's ARC.

The *OGB Post-Retirement Benefit Valuation Report Under GASB 45* as of July 1, 2007 is now available and it is located on OSRAP's website at www.doa.louisiana.gov/osrap/index.htm (select "AFR Packets" and then select "GASB 45 OPEB Valuation Report as of July 1, 2007"). If the OGB administers your entity's OPEB you may obtain your entity's ARC here. Click on the text on the last page of the valuation report to find the accrued liability, normal cost, and ARC listed by agency. As noted in the AFR packet, subtract your entity's retiree cost (entity's share of retiree healthcare and life insurance premiums) from your entity's ARC to obtain the net OPEB obligation or OPEB payable for your entity.

Although the GASB 45 valuation report is as of July 1, 2007, it is to be used for the fiscal year 2008 financial statements or AFR. For GASB 45 note disclosures in your AFR, follow the guidance provided below:

- ISIS agencies that complete an ISIS AFR packet have neither financial statement nor note disclosure reporting requirements. This memorandum is for information purposes only.
- Entities that prepare a Non-ISIS AFR packet (applicable entities include ORM, OGB, Supreme Court, appeal courts, and legislative agencies 951-962) to be used for the Comprehensive Annual Financial Report (CAFR) only, and provide postemployment benefits through OGB only, have neither financial statement nor note disclosure reporting requirements.
- If your entity provides postemployment benefits to plan members through a provider other than OGB, you are required to make financial statement disclosures and full note disclosure in the AFR for the CAFR and any separately issued financial statements.
- If your entity provides postemployment benefits through OGB but you provide those financial statements to banks, bond counsels, creditors, financial institutions, accreditation departments, outside auditors, etc. other than OSRAP, you are required to complete the financial statement disclosure and full note disclosures in those financial statements

If you have any questions please call Deborah Zundel at (225) 342-0710 or Mark Rhodes at (225) 342-0711.

AA:MR