

## GASB #45 is Being Replaced by GASB #75

For Municipalities and School Districts that provide medical, dental and/or life insurance benefits to retirees, changes in financial statement disclosure and liability development will be needed due to the replacement of GASB #45 by GASB #75.

The effective date/timing of these changes will vary, based on fiscal year end, as follows:

June 30 Year End: Effective for FYE June 30, 2018

September 30 Year End: Effective for FYE September 30, 2018

December 31 Year End: Effective for FYE December 31, 2018

May 31 Year End: Effective for FYE May 31, 2019

For employers who “pre-fund” their liability, the “Plan” has earlier (by one year) reporting requirements.

The entire unfunded liability (now called “Net OPEB Liability”) must now be reported on the face of the financial statements.

OPEB Expense will result from changes in the Net OPEB Liability, plus or minus minor adjustments for certain deferral items. Program improvements are not deferred, they are recognized immediately.

For unfunded programs, the discount rate must now reflect current municipal bond rates/indices as of the end of the employer’s fiscal year. Pre-funded programs may reflect actual investment returns, but only to the extent that assets are projected to satisfy future benefit payments (which then defaults to the municipal bond indices).

One actuarial funding method is permitted for all programs (Entry Age Normal). The method change will not have any impact on liabilities for current retirees, but is likely to increase liabilities for actives.

All employers must have a full valuation performed once every two years (the GASB #45 three year cycle for smaller employers has been eliminated). Abbreviated “mid-cycle” valuation work for the interim year may be performed (rather than another full valuation). However, year to year changes in the discount rate need to be reflected.

Danziger & Markhoff provides GASB #45 actuarial services to more than 140 municipalities and school districts nationwide. Please call us if we can be of assistance.

Please contact Edward A. Echeverria, Senior Actuary, if you have any questions.

**Contact:**

**Edward A. Echeverria, Senior Actuary**  
[eecheverria@dmlawyers.com](mailto:eecheverria@dmlawyers.com)