

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
INCLUSIVE OPEB GASB 43 & 45 COMPLIANCE “PROCEES”
RETIREMENT BOARD MEETING AGENDA**

Date: June 26, 2014

Time: 1:00 PM to 3:00 PM

Meeting Room: President’s Conference Room
3041 West Avenue K, Lancaster CA. 93536-5426
661-722-6300

I. CALL TO ORDER

II. ROLL CALL

RETIREMENT BOARD (the “Board”) MEMBERS

Executive Director Business Services
Vice President Human Resources
Board of Trustees Member

Diana Keelen
Mark Bryant
Michael Adams

PROGRAM COORDINATOR

To Be Determined

CONSULTANTS

RPM Consultant Group

Chuck Thompson

GUESTS

None

OTHER

None

III. PUBLIC COMMENTS

**Information
2013/2014-001**

The public may address the Retirement Board on any matter pertaining to the Retirement Board that is not on the agenda. The Chairperson reserves the right to limit the time of presentations by individual or topic.

IV. APPROVAL OF AGENDA

**Action
2013/2014-002**

The Retirement Board retains the right to change the order in which agenda items are discussed. Subject to review by the Retirement Board, the agenda is to be approved as presented. Items may be deleted or added for discussion only according to G.C. Section 54954.2.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

V. APPROVAL OF MINUTES

**Information
2013/2014-003**

The Retirement Board will review the minutes from the previous meeting on April 24, 2014 for any adjustments and adoption.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

VI. ADMINISTRATION

RETIREMENT BOARD BY-LAWS

Action
2013/2014-004

The Retirement Board Members will operate under By-laws that ensure efficient organization and mitigation of fiduciary liability, including conflict of interest. Review of the Retirement Board Members By-laws will be discussed.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

OPEB GASB 43 & 45 GUIDELINE EXPOSURE DRAFTS MODIFICATIONS

Information
2013/2014-005

The OPEB GASB organization issued Exposure Drafts in June. Possible impacts pertaining to approval of modification will be discussed at RB Meeting

PUBLIC COMMENTS:

BOARD CONSIDERATION:

GOALS AND OBJECTIVES OF THE RETIREMENT BOARD

Information
2013/2014-006

Discussion and prioritization of Retirement Board Goals and Objectives for the remainder of 2013/2014 fiscal plan year. Retirement Board Major Projects Tracking Report will be reviewed

PUBLIC COMMENTS:

BOARD CONSIDERATION:

VII. INFORMATION REPORTS

RETIREMENT BOARD MEMBERS COMMENTS

Information
2013/2014-007

Each member may report about various matters involving the Retirement Board. There will be no Retirement Board discussion except to ask questions or refer matters to staff, and no action will be taken unless listed on a subsequent agenda.

PROGRAM COORDINATOR/CONSULTANT COMMENTS

Information
2013/2014-008

The Program Coordinator and Consultants will report to the Retirement Board about various matters involving the Retirement Board. There will be no Retirement Board discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

VIII. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

Information
2013/2014-009

The Agenda Items for the next meeting will be the same as for this meeting. Members and visitors may suggest additional items for consideration at the next Retirement Board meeting.

PUBLIC COMMENTS:

BOARD CONSIDERATIONS:

AGENDA – Antelope Valley Community College District

Retirement Board Meeting

04/24/14

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IX. ADJOURNMENT:

Americans with Disabilities Act The Antelope Valley Community College District Retirement Board conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the Antelope Valley Community College District Retirement Board meeting, shall be made to: Diana Keelen, Executive Director Business Services, Antelope Valley Community College District, 3041 West Avenue K, Lancaster CA. 93536-5426

MINUTES
ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD
APRIL 24, 2014
10:00 AM to 12:00 PM
PRESIDENT'S CONFERENCE ROOM
3041 W AVE. K Street
LANCASTER CA. 93536
(661) 722-6319

I. Call to Order

The Retirement Board (RB) was called to order by Diana Keelen at 10:00 AM.

Roll call indicated the presence of all RB members. All RB member representatives indicated their presence at the meeting.

II. Roll Call

RETIREMENT BOARD (the "Board") Members

Executive Director Business Services	Diana Keelen
Vice President Human Resources	Mark Bryant
Board of Trustees Member	Michael Adams

PROGRAM COORDINATOR

NONE	TBD
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CONSULTANTS

RPM Consultant Group President/CEO	Chuck Thompson
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GUESTS

None	N/A
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OTHER

None	N/A
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III. 2013/2014-001 – PUBLIC COMMENTS

There were no public comments or inquiries

IV. 2013/2014-002 – APPROVAL OF AGENDA

The Agenda for the RB meeting was reviewed and approved by the RB Members.
Motion to approve the agenda was done by Michael Adams and seconded by Mark Bryant.

Motion carried (3/0/0). Ayes: Ms. Keelen, Mr. Bryant, Mr. Adams.

V. 2013/2014-003 – APPROVAL OF MINUTES

No minutes to approve, as this is the first meeting.

VI. ADMINISTRATION

2013/2014-004 – DESIGNATION OF MEMBERS TO THE RETIREMENT BOARD (RB)

Motion to approve the formally elected members of the Board by Michael Adams, second by Mark Bryant. The Retirement Board will consist of Diana Keelen, Mark Bryant and Michael Adams. Motion carried (3/0/0). Ayes: Ms. Keelen, Mr. Bryant, Mr. Adams.

2013/2014-005 – SELECTION OF CHAIRPERSON AND VICE CHAIRPERSON TO THE RETIREMENT BOARD

Michael Adams moved to nominate Diana Keelen as Chairperson and Mark Bryant as Co-chair. Motion approved (3/0/0). Ayes: Ms. Keelen, Mr. Bryant, Mr. Adams.

2013/2014-006 – RETIREMENT BOARD BY-LAWS

Prior to reviewing the by-laws, Chuck Thompson noted that the California Constitution Article 16, Public Finance Section 17, is the guidepost for investments and the reason why the District has established the Retirement Board. With a pension program, you must have a Retirement Board that is independent of, but responsible to the Governing Board. Chuck Thompson suggested that the District review the by-laws, as well as have the District's attorney review them. There are a number of operational items that must be established prior to adopting the by-laws.

Ms. Keelen moved to make this an Information Item as opposed to an Action Item, suggesting this be brought back as an Action Item at the next meeting in order to allow the attorney and the Board of Trustees the opportunity to provide input. It was agreed.

2013/2014-007 – RETIREMENT BOARD MEMBERS DUTIES AND RESPONSIBILITIES

Chuck Thompson reviewed the "Responsibilities, Goals and Objectives of the Retirement Board in detail (see attachment #3). Chuck Thompson indicated that the primary responsibility of the Retirement Board is to provide oversight of the District's Trust Agreement, ensure compliance with the Investment Policy Statement guidelines, and keep the best interests of the employees at the forefront. The eight points were reviewed in detail.

Chuck Thompson noted that ultimately the Board will meet on an annual basis; however, the RB will meet on a monthly basis for now as things are put into place. Once certain goals are met, the RB will meet quarterly then twice per year. Chuck Thompson asked the

board to review the documents presented to become more familiar with the process prior to our next meeting.

Chuck Thompson suggested that all questions, documents, e-mails, etc. be placed in a folder for discussion at subsequent meetings.

2013/2014-008 – OVERVIEW AND UPDATES CONCERNING THE OTHER POST EMPLOYMENT (OPEB) GOVERNMENT ACCOUNTING STANDARD BOARD (GASB) 43 AND 45 GUIDELINES

Chuck Thompson reviewed a PowerPoint presentation (Attachment #6) that provides a brief introduction about what the Governmental Accounting Standards Board (GASB) organization is about. Briefly discussed the District compliance process, multi-year actuarial valuation comparisons and projections, and the California liability funding quandary. A detailed review of cost containment and funding strategies was conducted. Note: The acronym OPEB stands for “Other Potential Employment Benefit Programs “(anything other than a pension program, i.e., retiree medical, dental, etc.)

2013/2014-009 – MULTI-YEAR ACTUARIAL VALUATION STUDY REVIEW

The board members discussed the status of both current and previous years’ Actuarial Valuation Studies. There was a discussion regarding the next Actuarial Valuation Study scheduled for August 2015. Part of contract negotiation should include running various retirement scenarios; i.e., exchange programs, Medicare coverage, etc.

2013/2014-010 – GOALS AND OBJECTIVES OF THE RETIREMENT BOARD

The board discussed the prioritization of Retirement Board Goals and Objectives for the remainder of 2013/14 fiscal plan year. Highlights of the ensuing discussion included reference to handout #7 for future reference and review of Retiree Health Valuation Terms glossary) and Attachment #8 the “Major Projects” Tracking Report. This tracking report delineates priority vs completed items.

VII. INFORMATION REPORTS

2013-2014-011 – RETIREMENT BOARD MEMBERS COMMENTS

No comments.

2013/2014-012 – PROGRAM COORDINATION/CONSULTANT COMMENTS

No comments.

VIII. DATE , TIME AND AGENDA ITEMS FOR NEXT MEETING

2013/2014-013 Subsequent Retirement Board meetings are scheduled as follows:

Date, time and agenda for the next meeting to be discussed between the April and June meetings. A final schedule will be discussed at June RB meeting.

XI. ADJOURNMENT

There was no further business to conduct; the Retirement Board meeting was adjourned by Board Chair Diana Keelen Meeting adjourned at 11:45 pm.

Americans with Disabilities Act The Antelope Valley Community College District Retirement Board conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the Antelope Valley Community College District Retirement Board meeting, shall be made to: Diana Keelen, Director Business Services, Antelope Valley Community College District, 3041 W AVE. K Lancaster CA. 93536

SAMPLE COMMUNITY COLLEGE DISTRICT TRUST
RETIRMENT BOARD BYLAWS
PREAMBLE

The objectives of the Sample Community College District (District) establishing a Trust for the pre-funding of its OPEB liabilities is to comply with the requirements of GASB Statements No. 43 & No. 45 and to create a retirement system that complies with the California Constitution and Government Code provisions related to such systems with a Governing Board (referred to as the "Retirement Board" consisting of officials of the district.

The Trust is to be managed in accordance with the following principles:

- ©Trust assets are managed in accordance with all applicable laws, trust documents, and a written Investment Policy Statement (IPS) for the exclusive benefit of eligible employees, former employees, their dependents and beneficiaries .
- ©Trust assets are diversified to a specific risk/ return profile as determined by the RB and approved by the District
- ©A written Investment Policy Statement (IPS) contains the detail to define, implement, and monitor the trust's investment strategy.
- ©Appropriate fiduciary standards are applied in the management of trust assets and the supervision of persons hired to assist in the management of the trust. Due diligence is documented.
- ©Control procedures are in place to monitor and account for trust investment and administrative expenses.
- ©There are safeguards to avoid conflicts of interest, such as the use of funding instruments that are non-proprietary funds of any service provider to the Trust.

1: A Retirement Board

1.1: The District's governing body has established by resolution a Retirement Board (the "Board,") to supervise the Trust.

1.2: The Board has been established to manage, direct and control the Fiduciary, Trust Settlor and Administrative functions, such as Consultants, Actuaries, Auditors and Accountants, Legal Counsel and Financial Advisors of the Trust.

1.3: The Board have and shall sign such documents as are necessary to adopt and maintain an irrevocable trust which complies with the California Constitution, California Government Code, G.A.SB No. 43 & No. 45 and Section 115 of the Internal Revenue Code.

1.4: As mandated by the California Government Code, the Board shall perform all its duties with the care, skill, and diligence that a prudent person acting in a like capacity and familiar with these matters would utilize .

1.5: The Board have and shall also act solely in the interests of plan participants and beneficiaries with the sole purpose of providing benefit to them and paying only necessary and reasonable expenses for administering the Trust.

1.6: The Board shall oversee that the Trust's assets are diversified in order to minimize the risk of large investment losses.

1.7: The Board shall adhere to- the terms of the written documents governing the Trust and ensure that the members comply with all applicable laws, rules and regulations that may affect the Trust.

1.8: The Board shall facilitate and oversee the preparation and centralized maintenance of the District's Comprehensive Compliance Plan. To aid the District in meeting its fiducially requirements, the Substantive Plan, as described in GASB 43 and 45, will be set forth as an essential element in the development of a Comprehensive Compliance Plan.

1.9: The Board will have the exclusive authority to establish, execute and interpret the Trust's written Investment Policy Statement (IPS) which profiles the long-term investment objectives of the Trust.

1.10: The Board shall facilitate any efforts and processes necessary to ensure the District executes applicable written agreements providing any required consent to compliance with the terms of the Trust.

1.11: The Board will require that compensation paid to the Trust's service providers is identifiable, transparent, and reasonable and adheres to the terms of the written documents governing the Trust.

1.12: The Board shall abide by all applicable reporting requirements imposed by Sections 7500 through 7514.5 of the California Government Code, including but not limited to the preparation of an annual financial report of the Trust and retirement system of the District, and the preparation of valuations of the Trust assets by qualified actuaries.

1.13: The Board shall present to the District's Board of Trustees, in public session, an annual written report within 90 days of the completion of the annual audit of the retirement system, which shall include a summary of the investments and earnings of the system and other related matters, as well as the Board's proceedings and activities for the preceding year.

2: Retirement Board Member Appointments

2.1: The members of the Board are appointed by resolution of the governing body of the District.

2.2: Board members shall be appointed to the Board based solely on their titles and/or classification. If the Title of an existing Board member changes and that new title is not one of the designated titles included in the resolution of the governing body of the Public Entity, the Board member will no longer be a Board member unless there is a new resolution from the governing body of the District.

2.3: The number of Board members will consist of such number of individuals that are deemed necessary by the governing body of the District. The Board shall serve at the pleasure of the governing body.

2.4: The Board will designate one of its members by majority vote to serve as Chairperson and a second member as Vice Chairperson

2.5: The Chairperson and Vice Chairperson will serve in this capacity for two years at which time the Board will act again to select a Chairperson and Vice Chairperson. The Chairperson and Vice Chairperson can serve multiple terms.

2.6: The Chairperson will act as the presiding officer for Board meetings.

2.7: Based on the minimum number of signatures required therein and/or specific people required by the Board, authorizations for withdrawals, distributions, benefit payments and reasonable fees are restricted to individuals with specimen signatures listed on the Trust's Signature Authorization Form.

2.8: Board meetings shall be conducted by the Chairperson. When the Chairperson is not present, the Vice Chairperson will conduct the meeting.

2.9: A majority of the Board members must be present or attend by teleconference, per the provisions of the Ralph M. Brown Act, in order to conduct a Board meeting and is considered a quorum. A vote, under the protocols of the Ralph M. Brown Act, of the majority of the Board members shall be required to transact business.

2.10: Each Board member shall have one vote in accordance with the protocols of the Ralph M. Brown Act. No proxy votes shall be remitted unless approved by a majority of the Board members. If a member is attending by teleconference, all votes must be by roll-call. Decisions of the Board shall require an affirmative vote of at least a majority of the members of the Board and their decisions will be in accordance with the Ralph M Brown Act.

2.11: In recognition of the importance of the work of the Board, regular attendance at Board meetings is expected from all members.

2.12: Board member shall have the authority to bind the Board to any contract or endeavor without the approval of the Board.

2.13: No member serving on the Board will receive a salary or compensation from the Board.

2.14: The Board may approve reimbursement for reasonable expenses incurred by Board members. All expenditures of funds shall be subject to Board approval.

2.15: The Board shall designate a specific location at which it will receive notices, correspondence, and other communications and shall designate one of its members as an officer for the purpose of receiving service on behalf of the Retirement Board.

2.16: In addition to the reporting requirements of Section 1.13 hereof, the Board shall provide information and copies of investment statements and other similar reports regarding the Trust and its applicable investment performance to the governing body on a not-less-than quarterly basis.

3: Retirement Board -Meeting Agendas

3.1: As Board meetings and agendas are subject to the terms and provisions of The Ralph M. Brown Act. All Board regular meeting agendas shall be prepared and posted in a public location, as approved by the Board, at least 72 hours prior to the date and time of the scheduled meeting. Meeting for agendas for any special meetings of the Board shall be prepared and posted in a public location at least 24 hours prior to the date and time of the scheduled meeting.

3.2: Per the provisions of the Ralph M. Brown Act, the Board shall hold their meetings at a minimum of once a year, giving advanced notice of 24 hours for special meetings to the media and certain others who request it.

3.3: The Board shall engage, at least annually, in analysis of any applicable modifications to the Investment Policy Statement (IPS) through meetings and consulting with the trustee and Registered Investment Advisor (RIA), as applicable.

3.4: In compliance with the Ralph M. Brown Act, an agenda shall be prepared for each regular and special meeting of the Board. The Agenda shall set forth those items which the Board anticipates taking action or discussing. Each Agenda item shall have attached backup material necessary for discussion or action by the Board.

3.5: Minutes recording deliberations and decisions from each meeting of the Board shall be maintained. Such records and documents shall be available to the public in accordance with the provisions of the Ralph M. Brown Act.

4. Retirement Board - Actuarial, Contributions & Withdrawal Parameters

4.1: The Board will, at the direction of the District deliver contributions and allocation instructions to the Trustee. Such contributions and allocation instructions shall be delivered in accordance with the Trust's written provisions and agreements.

4.2: The Board will ratify the amount of any withdrawal by the District. Any withdrawal shall be in accordance with the Trust's written provisions and agreements. Expenditures paid for by the Trust shall require a signature from each of the four (4) constituencies.

4.3: In accordance with GASB Statement No. 45 schedules, the Board will work with the District's governing body in obtaining the necessary calculations to identify the "Actuarial Present Value of Total Projected Benefits" (APVTPB), the "Unfunded Actuarial Accrued Liability" (UAAL) and the "Annual Required Contribution" (ARC).

4.4: The Board will provide any necessary plan participant information to the Trustee on a timely basis. The Board shall provide response to all information requested by the Discretionary Trustee in a timely fashion in order to perform services outlined in the Trust Agreement.

5. Retirement Board -- Disclosure & Conflict of Interest

5.1: No Board member shall vote or participate in a determination of any matter in which the Board member shall receive a special compensation or gain.

5.2: Board members have a duty of loyalty precluding them from being influenced by motives other than the accomplishment of the Trust's objectives.

5.3: Board members, in the performance of their duties, must act pursuant to the documents & instruments establishing and governing the Trust.

6: Retirement Board -- Rules of Order/Bylaws

6.1: Amendment of these Bylaws may be proposed by any member of the Board

6.2: All amendments to the Bylaws must be approved by a majority vote of the Board members present, before the amendment shall become effective.

6.3: Such amendments shall be binding upon all members of the Board.

6.4: The effective date of any amendment shall be on the first day of the month following adoption, unless otherwise stated

7: Retirement Board -- Appearance before the Board

7.1: All persons who wish to make appearances before the Board shall be scheduled in compliance with the provisions of the Ralph M. Brown Act.

7.2: Appearances before the Board may be in person or through a representative .

7.3: Communications with the Board may be in any form that complies with the- provisions of the Ralph M. Brown Act.

8: Retirement Board - Fiduciary & Governance Parameters

8.1: The Trust will be structured so that the Board shall reduce its legal liability for investment risk by appropriately delegating investment decision-making.

8.2: The Board shall delegate investment decision making to a Trustee with a discretionary mandate and thereafter monitor the performance of the Discretionary Trustee. For the management of the Trust's assets, an appropriate :Registered Investment Advisor (RIA) shall be selected and monitored by the Discretionary Trustee.

8.3: The Board will monitor the performance and acts of the Discretionary Trustee in accordance with the limits and constraints of applicable laws, trust documents and the written Investment Policy Statement (IPS) as well as the Trust's investment goals, objectives, fees and expenses.

8.4: The Board shall monitor the Discretionary Trustee to determine that Trust assets are diversified as directed by the Investment Policy Statement (IPS) and applicable laws.

8.5: The Board through periodic reports will compare investment performance against appropriate indices, peer groups and Investment Policy Statement (JPS) objectives.

8.6: The Board will require that all service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards. Fees paid to each service provider shall be consistent with agreements, contracts and with all applicable laws.

8.7: Directors and Officers insurance shall be provided by the Public Entity for each Board member for indemnification and protection.

9: Discretionary Trustee & Investment Management

9.1: The agreement appointing the Discretionary Trustee shall require the Discretionary Trustee to invest Trust assets in compliance with applicable laws, trust documents, and the written Investment Policy Statement (JPS).

9.2: The agreement appointing the Discretionary Trustee shall require the Discretionary Trustee document the specific duties and requirements of the parties involved in the investment process.

9.3: The Board shall require the Discretionary Trustee to acknowledge, in writing, that it is a fiduciary to the Trust and to the Public Entity.

9.4: The Board shall prohibit the Discretionary Trustee from investing trust assets in its own proprietary investment products or those of its Registered Investment Adviser so as to avoid any potential conflicts of interest.

9.5: The Board shall require the Discretionary Trustee to manage Trust assets with the care, skill and diligence of a prudent person under -California law.

10.: Registered Investment Advisor (RIA):

10.1: The RIA engaged by the Discretionary Trustee must have the following qualifications and responsibilities:

(a). It shall work with the Discretionary Trustee to establish a long-term, target net rate of return objective for the trust, constructing an investment portfolio which gives due consideration to the Board's time horizon of investment, as well as its attitudes and capacity for risk,

(b) It shall recommend the appropriate combination of asset classes that optimizes the Trust's return objectives, while minimizing risk consistent with the Trust's constraints.

(c) It shall provide investment recommendations in accordance with the Investment Policy Statement (IPS) approved by the Board.

(d). It shall have access to appropriate databases and external research, and shall be supported with adequate technology and report production tools.

11: Program Coordinator

11.1: The Board shall appoint a Program Coordinator with responsibility to assist the Board with the processes; procedures and protocols of the Trust's fiduciary decision making.

11.2: The Board shall require the Program Coordinator to facilitate all aspects of the Board's Fiducially and Administrative mandates and work to assist the Board in ensuring that trust assets are managed in accordance with all applicable laws, trust documents and the written Investment Policy Statement (IPS).

11.3: The Board shall require the Program Coordinator to provide comprehensive assistance in conducting Board meetings and agendas in compliance with the provisions of the Ralph M. Brown Act.

11.4: The Program Coordinator will provide support to the Board in the preparation and centralized maintenance of the District's Comprehensive Compliance Plan, including the Substantive Plan.

12: Program Definitions:

12.1: "Actuarial Present Value of Total Projected Benefits" (APVTPB) shall mean the total projected costs to finance benefits payable in the future based on members' service through the valuation date and their future service, discounted to reflect the expected effects of the time value of money. It is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay the total projected benefits when due.

12.2: "Annual Required Contribution" (ARC) is the actuarially-determined level of employer contribution that would be required on a sustained, ongoing basis to systematically fund the normal cost and to amortize the Unfunded Actuarial Accrued Liability (UAAL) attributed to past service over a period not to exceed thirty years. It is the amount needed to pay benefits as they come due plus amortize the UAAL. The ARC has two components: Normal cost and amortization of the UAAL for both active employees and retirees.

12.3: "Comprehensive Compliance Plan" shall mean a broad compliance and fiduciary process incorporating the public entity's substantive plan obligations; the actuarial cost of those obligations; the plan for meeting those costs; the fiduciary strategies and steps in meeting plan requirements.

12.4: "Discretionary Trustee" shall mean a trust structure whereby the Trustee will accept the delegation of investment duties and work as the sole authority in the selection, monitoring and disposition of Trust's assets.

G 12.5: "Investment Policy Statement" (IPS) shall mean a written statement that establishes the District's Investment Trust's investment related policies, goals objectives and criteria for evaluating investment performance that are critical for the successful management of the Trust's investments.

12.6: "Registered Investment Advisor" (RIA) shall mean the investment entity charged with the ability for recommending comprehensive and continuous investment advice for the District's Investment Trust.

12.7: "Retirement Board" is established by the governing body of the District and shall mean the entity charged with the discretion, responsibility and authority to oversee the management of the Public Entity Investment Trust. Specifically, the Retirement Board shall determine the investment policy and strategy for the Trust and is empowered to inquire and resolve any matter it considers appropriate to carry out its responsibilities.

12.8: "Substantive Plan" shall mean the plan through which assets are accumulated and benefits are paid as they come due in accordance with the commitments or understandings between the employer, eligible employees and their beneficiaries.

12.9: "The Trust" shall mean the District's Investment Trust established for the pre-funding of its OPEB liabilities and maintained in compliance with GASB Statement No. 43 & No 45, the California Constitution and the California Government Code with a governing Retirement Board consisting of officials of the District.

12.10: "Unfunded Actuarial Accrued Liability" (UAAL) shall mean the excess of the Actuarial Accrued Liability (AAL) over the Actuarial Value of Assets (AVA). The UAAL can derive from three sources: unfunded Normal costs, actuarial gains and losses (differences between actuarial assumptions and actual experience), and changes to the level of benefits promised.



GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

OTHER POSTEMPLOYMENT BENEFIT (OPEB) ACCOUNTING AND FINANCIAL REPORTING EXPOSURE DRAFT

Project Description: The Board will consider the possibility of improvements to the existing standards of accounting and financial reporting for other postemployment benefits (OPEB) by state and local governmental employers and by the trustees, administrators, or sponsors of OPEB plans. One objective of this project is to improve *accountability* and the transparency of financial reporting in regard to the financial effects of employers' commitments and actions related to OPEB. Another objective of this project is to improve the *usefulness* of information for decisions or judgments of the various users of the general-purpose external financial reports of governmental employers and OPEB plans. This project also will address accounting and financial reporting for postemployment benefits that are not provided through a qualified trust (as defined in paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*). At its December 2013 meeting, the Board reviewed a draft standards section for plan reporting.

Work Plan:

<i>Board meetings</i>	<i>Topics to be considered</i>
September 2013:	Deliberate issues related to community-rated provisions, contribution/caps constraints, note disclosures, and required supplemental information.
October 2013:	Deliberate issues related to plan reporting (including note disclosures and required supplemental information) and coordination with Statement 10.
December 2013:	Review drafts of standards sections of Exposure Drafts on employer and plan OPEB accounting and financial reporting issues.
January 2014:	Review drafts of illustrations of Exposure Drafts on employer and plan OPEB accounting and financial reporting issues.
March 2014:	Review pre-ballot drafts of Exposure Drafts on employer and plan OPEB accounting and financial reporting issues.
May 2014:	Review ballot drafts and issue Exposure Drafts on employer and plan OPEB accounting and financial reporting issues.
June–July 2014:	Comment period.



September 2014:	Public hearing(s).
September 2014–March 2015:	Re-deliberation of issues raised in response to the Exposure Drafts.
April 2015:	Review pre-ballot drafts of final Statements.
June 2015:	Review ballot drafts and issue final Statements.

OTHER POSTEMPLOYMENT BENEFIT ACCOUNTING AND FINANCIAL REPORTING—RECENT MINUTES

Minutes of Meetings, April 8-10, 2014

The Board reviewed a ballot draft of an Exposure Draft, *Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That Are Not Administered through Trusts That Meet Specified Criteria and Amendments to Certain Provisions of GASB Statements 67 and 68*, tentatively agreeing on various clarifying changes to the draft.

Minutes of Meetings, March 3-5, 2014

The Board continued its discussion of the alternative measurement method to measure postemployment benefits other than pensions (OPEB) in relation to (1) default probabilities of an employee remaining employed until the assumed retirement age to use as turnover assumptions and (2) default factors for calculating age-adjusted premiums when the same premiums are charged to active and inactive employees and the employer or plan sponsor is unable to obtain age-adjusted premium information for inactive employees from the insurer or service provider. The Board tentatively agreed that when experience data on the covered group is not available, default probabilities for the turnover assumption in applying the alternative measure should be withdrawal rates by gender, age, and years of service in the most recently available annual report of the Civil Service Retirement and Disability Fund. The Board also tentatively agreed that project staff should continue to further explore options in relation to use of default probabilities in calculating age-adjusted premiums used in applying the alternative measurement method.

Next, the Board discussed expected benefits and perceived costs from proposed standards for (1) accounting and financial reporting for OPEB, (2) financial reporting for OPEB plans, and (3) accounting and financial reporting for pensions and financial reporting for pension plans that are not administered through trusts that meet specified criteria. The Board tentatively agreed that subject to additional information that will be obtained as the result of due process, including a scheduled field test, the expected benefits of information to stakeholders from the proposed standards exceed the anticipated costs to preparers and users.

The Board then discussed potential clarifying amendments to Statements No. 67, *Accounting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions*, addressing requirements related to (1) notes to required supplementary information schedules for pension plans, (2) payables to the pension plan, (3) employers that have a special funding situation and receive support from non- employer contributing entities that are not in a specific special funding situation, and (4) revenue recognition for the support of non- employer contributing entities that make contributions that are not legally required. The Board discussed requirements for notes to required supplementary information schedules for pension plans and determined that Statement 67 should be amended to clarify that information presented in these notes related to factors that significantly affect trends in the annual money-weighted rate of return on pension plan investments is limited to factors within the control of management. Next, the Board agreed to amend Statements 67 and 68 to remove contractually deferred contributions with separate payment schedules from the category of separately financed specific liabilities to a pension plan.



The Board also tentatively decided Statements 67 and 68 should clarify that amounts to reduce payables for contractually deferred contributions with separate payment schedules should be excluded from measures of actuarially determined contributions, contractually required contributions, and statutorily required contributions that are required to be presented in schedules of required supplementary information. The Board also tentatively decided that Statement 68 should be amended to adjust the amounts recognized as revenue and expense by an employer that has a special funding situation for a separately financed liability. For employers that provide pensions through a cost-sharing plan, the Board tentatively agreed that Statement 68 should be amended to require the employer to recognize revenue and pension expense equal to the support provided by the non- employer contributing entity. For employers that provide pensions through single or agent employer plans, Statement 68 should be amended to require the employer to recognize revenue for the support of the non- employer contributing entity. The Board also tentatively agreed that Statement 68 should be amended to adjust the amounts recognized as expense by each employer and non- employer contributing entity that does not have a separately financed liability by reducing expense in an amount equal to its proportionate share of the contributions recognized by the pension plan for separately financed specific liabilities of other employers or non- employer contributing entities. Next, the Board tentatively decided that guidance should be added to the *Comprehensive Implementation Guide* to clarify the accounting and financial reporting for an employer that has a special funding situation and also receives support from a non- employer contributing entity that is not in a special funding situation. The Board also tentatively decided that Statement 68 should be amended to clarify that revenue should be recognized in the period in which the change in the net pension liability is reported for the support of non- employer contributing entities that are not in a special funding situation, rather than in conformity with the revenue recognition requirements of Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*.

The Board also reviewed pre-ballot drafts for proposed Statements on (1) accounting and financial reporting for OPEB, (2) financial reporting for OPEB plans, and (3) accounting and financial reporting for pensions and financial reporting for pension plans that are not administered through trusts that meet specified criteria. The Board tentatively agreed to various clarifying changes to the drafts and directed the project staff to prepare ballot drafts for the proposed Statements.

Minutes of Meetings, January 27-29, 2014

The Board continued a discussion from its December Board meeting on the effective date for the implementation of the proposed Statement on accounting and financial reporting for postemployment benefits other than pensions (OPEB). Project staff presented feedback from the OPEB Accounting and Financial Reporting Task Force regarding proposing an effective date for employers that administer OPEB outside of qualifying trusts, or equivalent arrangements, one year earlier than for those employers that administer OPEB through trusts. The Board tentatively decided to propose that the proposed Statement for OPEB accounting and financial reporting be effective for fiscal years beginning after December 15, 2016, with earlier implementation encouraged, for all employers regardless of whether or not a trust is used to administer the OPEB. The Board also changed its previous tentative decision for the effective date of the proposed Statement for OPEB plans from fiscal years beginning after June 15, 2016, to fiscal years beginning after December 15, 2015, with earlier implementation encouraged. In addition, the Board tentatively decided to propose that the proposed Statement for accounting and financial reporting for pensions that are not administered through trusts be for fiscal years beginning after June 15, 2016, with earlier implementation encouraged.

The Board also reviewed preliminary draft standards sections of the Exposure Drafts for (1) accounting and financial reporting for OPEB and (2) accounting and financial reporting for pensions that are not administered through trusts. The Board provided recommendations and suggestions for clarification on the draft documents. Subject to those clarifications and revisions, the Board directed the project staff to prepare a pre-ballot draft for consideration at the March 2014 Board meeting.

The Board also reviewed proposed illustrations for the proposed Statement for OPEB plans and provided recommendations and suggestions for clarification on the illustrations.



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GASB Proposals Would Significantly Improve Reporting of Retiree Health Insurance and Other Benefits

In May 2014, the Governmental Accounting Standards Board approved a pair of related proposed Statements designed to bring about substantial improvements to the accounting and financial reporting of other postemployment benefits (OPEB) by state and local governments and financial reporting of OPEB plans. OPEB principally involves retiree health care benefits, but also may include life insurance, disability, legal and other services.

One Exposure Draft, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB employer Exposure Draft), proposes guidance for reporting by governments that provide OPEB to their employees and for governments that are legally required to finance OPEB for employees of other employers. The other Exposure Draft, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (OPEB plan Exposure Draft), addresses the reporting by OPEB plans that administer those benefits of behalf of the governments.

These proposals are designed to bring about advances in accounting and financial reporting for OPEB similar to those that result from the Board's pension standards established in 2012. The pension standards, specifically, are Statements No. 67, *Financial Reporting for Pension Plans*, which addresses financial reporting for state and local government pension plans, and No. 68, *Accounting and Financial Reporting for Pensions*, which addresses reporting for pensions provided by governments.

The guidance contained in these proposed Statements would change how governments calculate and report the costs and obligations associated with OPEB in important ways. It is designed to improve the effectiveness of the OPEB standards by requiring more useful information and increasing transparency, consistency, and comparability across governments.

The OPEB plan Exposure Draft would supersede the requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for defined benefit OPEB plans. This proposed Statement also would supersede certain requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 50, *Pension Disclosures*, for defined contribution OPEB plans.

The OPEB employer Exposure Draft would supersede the accounting and financial reporting requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.

Background

To ensure that GASB pronouncements continue to be of high quality and are in sync with the evolving government environment, the GASB periodically reexamines its standards. Reexamination typically takes place after a Statement has been in place and fully implemented for at least five years. Research on the GASB's OPEB standards indicated the existence of opportunities for significant improvement in light of the changes in pension accounting and financial reporting.

The proposed Statements apply to governments and OPEB plans in which a government makes contributions to a trust used to administer an OPEB plan in which (a) contributions to the trust are irrevocable, (b) OPEB plan assets are restricted to paying OPEB, and (c) OPEB plan assets are beyond the reach of creditors.

The proposed guidance also provides requirements for governments that provide OPEB through an arrangement that is not administered through a trust that meets the above three criteria. Unlike pensions, many governments do not provide OPEB through a trust meeting those criteria. In addition, the proposal contains guidance for governments that are legally responsible for the OPEB of another entity's employees—circumstances referred to as *special funding situations*.

Governments provide OPEB through various types of *defined benefit* OPEB plans, which specify the *amount of benefits* to be provided to the employees after the end of their employment. *Single-employer* OPEB plans provide benefits to the employees of one employer (a *single employer*). *Multiple-employer* OPEB plans provide benefits to the employees of more than one employer. Certain multiple-employer OPEB plans that are administered through a trust that meets the criteria discussed above are also classified separately. Under an *agent* multiple-employer OPEB plan, the assets of a multiple-employer OPEB plan are pooled for investment purposes but separate “accounts” are maintained for each individual *agent employer*, so that each agent employer's share of the pooled assets is legally available to pay the OPEB of only its employees. In a *cost-sharing* multiple-employer OPEB plan, *cost-sharing employers* share their assets *and* their obligations to provide OPEB to their employees—plan assets generally can be used to pay the benefits of the employees of any employer that provides OPEB through the plan. The proposed Statements address all of these types of plans, as well as *defined contribution* plans, which stipulate only the amount to be contributed to employee accounts each year, not the amount of benefits that will be paid in the future.

The proposed Statements relate to *accounting and financial reporting* issues only—how OPEB costs and obligations are measured and reported in audited external financial reports. They do not address how governments approach OPEB plan *funding*—a government's policy regarding how much money it will contribute to its OPEB plan each year. The Board crafted its proposed Statements with the fundamental belief that funding is a policy decision for government officials to determine.

Recognizing a Liability Related to OPEB

State and local government employees often earn two types of compensation in return for their efforts—current compensation and deferred compensation. Salaries and other forms of current compensation reflected in the paycheck are received by employees during their employment. On the other hand, deferred compensation, including OPEB, is not received until after the employee's tenure with the government has concluded. Nevertheless, a government has a present obligation to pay these deferred benefits in the future—a *total OPEB liability*—once they have been earned.

When a government provides OPEB through an OPEB plan that is administered through a trust that meets the criteria discussed above, the GASB concluded that the government's OPEB liability should be recognized net of the amount of the OPEB plan's fiduciary net position because those amounts are the primary resources that will be used to pay the OPEB. This liability would be referred to as the *net OPEB liability*. The OPEB plan's fiduciary net position available for paying benefits is to be measured using the same valuation methods that are used by the OPEB plan for purposes of preparing its financial statements, including measuring investments at fair value.

For governments that do not provide OPEB through a trust that meets the criteria discussed above, the OPEB liability recognized by the government would be the total OPEB liability.

This is an important change that will more clearly depict the government's financial position—but will not alter the economic reality of the government's situation. Reporting the net OPEB liability on the face of the financial statements will more clearly portray the government's financial status because the OPEB liability will be placed on an equal footing with other long-term obligations.

Measuring the Total OPEB Liability

The proposed OPEB standards reflect several potential changes from those currently in place regarding how governments calculate their total OPEB liability. The measurement process detailed in the proposed standards involves three essential steps:

1. Projecting future benefit payments for current and former employees and their beneficiaries
2. Discounting those payments to their present value
3. Allocating the present value over past and future periods of employee service.

The proposed standards would continue the general existing practice of incorporating expectations of future employment-related events into projections of OPEB payments—like projected salary increases and projected years of service—if they affect the amount of OPEB payments employees will receive. Provisions for automatic cost-of-living adjustments (COLAs) and other automatic benefit changes (which generally are written into the OPEB terms) also will continue to be included in projections. On the other hand, *ad hoc* COLAs and other *ad hoc* benefit changes—which are made at the discretion of the government—will be included in projections as well if they are substantively automatic.

To discount projected OPEB payments to a present value, governments assume a *discount rate*. Under the GASB's proposal, governments would project the OPEB payments expected to be made in each year and the amount of plan

assets available for providing those benefits to current active and inactive employees and their beneficiaries.

As long as plan assets related to current active and inactive employees and their beneficiaries are projected to be sufficient to make the projected benefit payments for those individuals, governments would discount those projected benefit payments using the long-term expected rate of return.

For some governments, however, there will be a point—the *crossover point*—at which the plan assets are projected not to be sufficient for making projected benefit payments to current active and inactive employees and their beneficiaries. The GASB believes that the projected benefit payments that occur at that point and after are similar to other forms of debt. In this circumstance, the discount rate would be based on a tax-exempt, high-quality 20-year tax-exempt general obligation municipal bond yield or index rate. *High-quality* would be defined as being rated AA or higher (or an equivalent rating).

For an OPEB plan with no assets held in trust—which is most common—all projected benefit payments would be discounted using the municipal bond rate.

Finally, benefit payments—discounted to their present value—would be attributed to past and future periods. Under current requirements, governments can choose among six methods for attributing the present value of benefit payments to specific years either in level dollar amounts (similar to a mortgage) or as a level percentage of projected payroll. The proposed standards would require all governments to use the entry age actuarial cost method to allocate present value, and to do so as a level percentage of payroll. Under this method, projected benefits are discounted to their present value when employees first begin to earn benefits and are attributed to employees' expected periods of employment. The GASB believes the attribution pattern that results from use of the entry age actuarial cost method and level percentage of payroll is more representative of how OPEB is earned. In other words, the pattern reflects the ongoing annual exchange of service for benefits over the course of an employee's period of employment in amounts that keep pace with the employee's projected salary over that period.

Calculating OPEB Expense

A government's OPEB liability varies from year to year for a variety of reasons, including actual earnings on plan investments when the OPEB plan is administered through a trust meeting the earlier described criteria, employee compensation changes, interest on the outstanding OPEB liability, contributions from employers and employees, and actual economic or demographic changes that are not in line with assumptions made in the actuarial calculations. When these period-to-period changes should be included

in the calculation of the cost of a government's operations as expenses in the accrual-based financial statements is a key issue.

The proposed standards would provide a more comprehensive measure of OPEB expense. Under the proposed standards, several causes of change in OPEB liability would be factored into the calculation of OPEB expense *immediately* in the period in which the change occurs:

1. Benefits earned each year
2. Interest on the total OPEB liability
3. Changes in benefit terms
4. Projected earnings on plan investments, if administered through a trust that meets the criteria discussed earlier
5. Other changes in the OPEB liability not discussed below.

The effects on the total OPEB liability of (a) changes in assumptions and (b) differences between assumptions and actual experience would be recognized initially as deferred outflows of resources or deferred inflows of resources and then introduced into the expense calculation systematically and rationally over the average remaining years of the employment of employees (active employees and inactive employees, including retirees). This period would likely be significantly shorter than the period of up to 30 years over which governments may now recognize their OPEB expense. The Board believes that bringing these changes in the pension liability into pension expense over the period when employees continue to earn benefits reflects its view that OPEB results from a career-long transaction. The relevant assumptions are about events that will take place during the employees' future years of service; recognizing this part of pension expense over that period is appropriate for assessing whether governments have lived within their means each year—whether they have achieved interperiod equity.

If the OPEB plan is administered through a trust that meets the criteria discussed earlier, the effect of differences between the expected earnings on plan investments and actual experience would be recognized as deferred outflows of resources or deferred inflows of resources and included in expense in a systematic and rational manner over a five-year closed period. The Board believes that differences between projected and actual investment experience generally will offset over time; earnings in excess of projections in some periods will be offset by earnings shortfalls in other periods, and vice versa. Incorporating OPEB liability changes related to investment earnings experience into OPEB expense over five years provides an opportunity for short-term, market-cycle fluctuations to be offset and dampens the volatility of OPEB expense that would otherwise occur as a result of such fluctuations.

Reporting by Governments in Cost-Sharing Multiple-Employer Plans

Under the OPEB standards now in effect, cost-sharing employers have not been required to present actuarial information about the plan. Instead, information has been required to be presented in the OPEB plan's own financial statements for all of the participating governments combined. In addition, the recognition of expense by a cost-sharing employer has been equal to its contractually required contribution to the OPEB plan.

Through its research, the GASB concluded that the needs of users of information regarding cost-sharing employers are quite similar to those interested in single and agent employers. Therefore, the GASB believes it is important to give users of the financial statements of cost-sharing employers access to better, more transparent financial information. Consequently, the GASB is proposing that cost-sharing governments report net OPEB liability, OPEB expense, and OPEB-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all the governments in the plan.

Note Disclosures and Required Supplementary Information (RSI)

The proposed standards contain requirements for disclosing information in the notes to the financial statements and presenting required supplementary information (RSI) following the notes. Due to the complexity of the array of OPEB plan features, the Board concluded it was critical that financial statement users have access to certain basic plan information through governments' own financial statements. The Board believes that including this information will strengthen the usefulness of financial reports for both decision making and assessing accountability.

The GASB is proposing that all governments participating in a defined benefit OPEB plan would include the following information in their note disclosures:

- ◆ Descriptions of the plan and benefits provided
- ◆ Significant assumptions employed in the measurement of the OPEB liability, including the discount rate and the healthcare cost trend rate
- ◆ Descriptions of benefit changes and changes in assumptions
- ◆ The OPEB liability and deferred outflows of resources and deferred inflows of resources related to OPEB
- ◆ The impact on the OPEB liability of a 1-percentage-point increase and decrease in the discount rate and a 1-percentage-point increase and decrease in the healthcare cost trend rate.

Single and agent employers also would be required to disclose, for the current period, the beginning and ending

balances of the OPEB liability, and the effects of changes during the period (such as the effects of service cost, benefit changes, and, if applicable, investment earnings) on the total OPEB liability and the OPEB plan's fiduciary net position, if applicable.

In addition, single and agent employers would present RSI schedules with the following information for each of the past 10 years (generally on a prospective basis):

- ◆ The beginning and ending balances of the OPEB liability and the effects of changes during the period on the total OPEB liability and the OPEB plan's fiduciary net position, if applicable
- ◆ The OPEB liability, the covered-employee payroll, and a ratio of the OPEB liability as a percentage of the covered-employee payroll. If the OPEB is provided through an OPEB plan that is administered as a trust that meets the criteria discussed previously, the OPEB plan fiduciary net position and a ratio of the OPEB liability to the OPEB plan's fiduciary net position would also be presented. If there is a special funding situation, as discussed on the next page, the OPEB liability of the plan will be reported along with the amounts of that net OPEB liability associated with the employer and associated with the nonemployer entity.

If a single or agent employer that provides OPEB through an OPEB plan that is administered as a trust that meets the criteria discussed previously has an actuarially determined OPEB contribution (or, if not actuarially determined, then the statutorily or contractually established contribution), it would also be required to present an RSI schedule with the following information for each of the past 10 years (generally on a prospective basis): (1) the actuarially determined OPEB contribution (or, if not actuarially determined, then the statutorily or contractually established contribution), (2) the amount of employer contribution actually made, (3) the difference between 1 and 2, (4) the payroll of employees covered by the plan, and (5) a ratio of 2 divided by 4. Cost-sharing employers would be required to present this same information if it has a statutorily or contractually established contribution requirement.

Governments also would be required to present notes to the RSI schedules regarding factors that significantly affect the trends in the schedules. For employers with actuarially determined contributions, significant assumptions also would be disclosed.

Special Funding Situations

Special funding situations are circumstances in which a *nonemployer contributing entity* (such as a state government) is legally responsible for contributions directly to an OPEB plan of another employer, including payments for OPEB as the benefits come due. For example, a state might be legally required to make contributions for the employees of

school districts located within that state. Furthermore, *one or both* of the following also must be true:

1. The nonemployer is the only entity with a legal obligation to make contributions directly to the OPEB plan, including payments for OPEB as the benefits come due
2. The amount of the contributions (or payments for OPEB as the benefits come due) for which the nonemployer is legally responsible is not dependent upon one or more events unrelated to the OPEB.

In a special funding situation, the nonemployer has essentially assumed a portion of the employer entity's OPEB obligation as its own. Consequently, if the nonemployer is a government, it would recognize its proportionate share of the net OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB in its own financial statements.

The government benefitting from the nonemployer's contributions in a special funding situation would calculate its OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB prior to the nonemployer government's support, but would *recognize* in the financial statements only its proportionate share. It also would recognize a revenue and an expense equal to the nonemployer entity's OPEB expense, as it would account for an intergovernmental grant.

Reporting by Governments in Defined Contribution Plans

Governments would recognize an expense for the amount of contributions to employees' accounts that are defined by the benefit terms as attributable to employees' services in the period, net of forfeited amounts that are removed from employees' accounts. A change in the OPEB liability would be required to be recognized for the difference between amounts recognized in expense and amounts paid by the employer to a defined contribution OPEB plan, including amounts paid by the employer for OPEB as the benefits come due.

Governments also would make descriptive disclosures about the defined contribution OPEB plan and benefit terms, contribution rates and the method by which they are determined, and amounts attributed to employee service and forfeitures in the current period.

Reporting by OPEB Plans

The proposed Statement on plan reporting details guidance for financial reporting by *defined benefit OPEB plans* administered through trusts that meet the criteria described earlier. The OPEB plan document also addresses how assets that are accumulated for purposes of providing OPEB through defined benefit OPEB plans that are *not* administered through trusts meeting the criteria should be reported. The proposal also details note disclosure

requirements for *defined contribution OPEB plans* administered through trusts that meet the criteria.

Proposed Effective Dates

The proposed requirements of the OPEB plan Exposure Draft would be effective for periods beginning after December 15, 2015. The proposed requirements of the OPEB employer Exposure Draft would be effective for periods beginning after December 15, 2016. Early application would be encouraged in both cases.

How Can You Help the GASB Complete This Project?

You can assist the GASB by reading the Exposure Drafts and providing feedback. The documents are available to download free from the GASB website, www.gasb.org. (See the links below). It is most helpful if you respond to not only the aspects of the proposal you disagree with, but also those that you support. In addition, it is most valuable to the GASB when respondents explain *why* they support or oppose a particular facet of a proposal. You can submit comments by email (director@gasb.org) or traditional mail. The comment deadline is August 29, 2014.

The GASB also encourages you to participate in the series of public hearings scheduled for September 2014. Additional information about how to provide written comments and participate in the public hearings is available in the opening pages of the Exposure Drafts.

The GASB will be conducting two webinars about the proposals:

- ◆ A CPE webinar on July 30, 2014 at 1:00 pm EDT
- ◆ A webinar for financial statement users on August 8, 2014, beginning at 1:00 pm EDT, that will be followed by a survey to collect feedback from users.

Registration for both events will be announced on the GASB website in the coming weeks.

Additional related resources can be downloaded free from the GASB website or by clicking on the links below.

Obtaining the Proposals

The proposed Statements can be downloaded free from the GASB website (www.gasb.org).

- ◆ Read the news release (issued upon release)
- ◆ Read the Q&A
- ◆ Read the article for financial statement users

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GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

[NEWS RELEASE 06/16/14](#)

THE GASB'S OPEB IMPROVED ACCOUNTING AND FINANCIAL REPORTING PROPOSALS AND RELATED RESOURCES ARE NOW AVAILABLE ONLINE

Norwalk, CT, June 16, 2014—The Governmental Accounting Standards Board (GASB) today published two proposed Statements intended to significantly improve financial reporting by state and local governments of other postemployment benefits (OPEB), such as retiree health insurance. The GASB also published a third Exposure Draft that would establish requirements for pensions and pension plans that are outside the scope of the pension standards the GASB released in 2012.

The three proposals, [which were approved on May 28](#), are available to [download at no charge on the GASB website](#).

- The first Exposure Draft related to OPEB, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB Employer Exposure Draft), proposes guidance for reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other employers.
- The second Exposure Draft related to OPEB, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (OPEB Plan Exposure Draft), addresses the reporting by the OPEB plans that administer those benefits.
- The third Exposure Draft, *Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That Are Not Administered through Trusts That Meet Specified Criteria, and Amendments to Certain Provisions of GASB Statements 67 and 68*, would complete the pension standards by establishing requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria.

To help users, preparers, and auditors of financial statements familiarize themselves with the proposals, the GASB developed [an OPEB web page](#) that features new “plain English” resources:

- An article outlining the key ways that the OPEB proposals will change how governments calculate and report the costs and obligations associated with OPEB
- An article oriented to financial statement users that addresses how the proposed changes would affect the information that users receive about a government’s OPEB
- A video featuring GASB Chairman David Vaudt discussing the key principles of the OPEB proposals
- A fact sheet answering frequently asked questions, and
- The summary and the full text of the proposals.

Stakeholders are encouraged to review the proposals and provide comments by August 29, 2014.

The GASB will host public hearings on the Exposure Drafts on September 10, 11, and 12, 2014. Locations and other details, including instructions for registering to participate, are highlighted in the Exposure Drafts.

The GASB will be conducting two webinars about the proposals:

- A CPE webinar on July 30, 2014, beginning at 1:00 pm Eastern
- A webinar for financial statement users on August 8, 2014, beginning at 1:00 pm Eastern, that will be followed by a survey to collect feedback from users on the proposed standards.



About the Governmental Accounting Standards Board

The GASB is the independent, not-for-profit organization formed in 1984 that establishes and improves financial accounting and reporting standards for state and local governments. Its seven members are drawn from the Board's diverse constituency, including preparers and auditors of government financial statements, users of those statements, and members of the academic community. More information about the GASB can be found at its website, www.gasb.org.

OTHER POSTEMPLOYMENT BENEFIT (OPEB) ACCOUNTING AND FINANCIAL REPORTING

The full text of the GASB's proposed standards is available to download. Go to the GASB Website Subscribers to [The GASB Subscription](#) receive special email notifications about proposals immediately upon their release.

PROVIDING WRITTEN COMMENTS

Any individual or organization that wishes to provide written comments on GASB documents for public comment is encouraged to do so by following the instructions provided in the Request for Written Comments section of each of the downloadable documents listed below. Comments should not be submitted directly through the website.

GASB DRAFT STATEMENTS

- 1. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**
(Comment Deadline: August 29, 2014)
(Exposure Draft)
May 28, 2014 (Approved by the Board)

- 2. Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans**
(Comment Deadline: August 29, 2014)
(Exposure Draft)
May 28, 2014 (Approved by the Board)

- 3. Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That Are Not Administered through Trusts That Meet Specified Criteria, and Amendments to Certain Provisions of GASB Statements 67 and 68**
(Comment Deadline: August 29, 2014)
(Exposure Draft)
May 28, 2014 (Approved by the Board)

- 4. Fair Value Measurement and Application**
(Comment Deadline: August 15, 2014)
(Exposure Draft)
May 5, 2014 (Approved by the Board)



GASB DRAFT STATEMENTS (Continued)

5. **Implementation Guide No. 20xx-1**
(Comment Deadline: December 31, 2014)
(Exposure Draft)
December 20, 2013 (Cleared by the Board)

6. **The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments**
(Comment Deadline: December 31, 2014)
(Exposure Draft)
December 20, 2013 (Approved by the Board)

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Antelope Valley Community College District
Inclusive OPEB GASB 43 & 45 Compliance “Process” & Other Action Items
“Major Projects” Tracking Report

#	Action Item	Responsible Person(s)	Projected Start Date	Estimated Completion Date	Date Completed	Comments
1.	Review Last RB Meeting Minutes for Inclusion with Next RB Meeting Agenda	Diana, Deborah & Chuck	05/07/14	06/19/14	06/19/14	05/07/14 RB meeting minutes were recorded. Draft of RB meeting minutes need to be reviewed prior to next RB meeting tentatively scheduled for 06/26/14. Initial draft of minutes to be sent to Chuck to proof read and make modifications if needed.
2.	Conduct Pre Retirement Board (RB) Conference Call to Prepare Next RB Meeting Agenda	Diana & Chuck	02/13/17	06/19/14	06/19/14	06/19/14 Next tentative meeting date is 06/26/14. RB agenda to be prepared, sent to Diana and reviewed by 06/19/14 03/14/14 Agenda being prepared by Chuck. Will be sent to Diana for approval by 04/08/14. 02/13/14 The next meeting of District’s Board of Trustees is scheduled for 03/10/14 when the designated Board member to the District’s OPEB GASB RB will be determined. Once this is accomplished the first organizing meeting of the RB can be determined and conducted.
3.	Creation of Retirement Board By-laws	RB, District Attorney & Chuck	02/13/14	06/26/14		06/19/14 To be discussed at 06/26/14 RB meeting. Diana sent By-laws to District’s attorney for input. Proposed By-laws to be discussed at next RB meeting. 02/13/14 RB subcommittee needs to create By-laws for RB members governing purposes. District legal counsel to provide guidance for final use.

Antelope Valley Community College District
Inclusive OPEB GASB 43 & 45 Compliance “Process” & Other Action Items
“Major Projects” Tracking Report

#	Action Item	Responsible Person(s)	Projected Start Date	Estimated Completion Date	Date Completed	Comments
4.	RB Members Need to Establish Current Fiscal Year Goals and Objectives for OPEB GASB Plan	RB	02/13/14	06/26/14		<p>06/19/14 Discussed at last RB meeting. It was determined that moving forward the RB members will remain aware of their overall RB responsibilities. Between meetings the Major Project Tracking Report, which includes additional RB goals and objectives will be updated and reviewed at each future RB Meeting.</p> <p><u>03/14/14</u> To be discussed at 04/24/14 RB Meeting</p> <p><u>02/13/14</u> The RB needs to map out their operational and action goals and objectives for both the short and long term. A sub-committee of RB members needs to be selected to bring a draft of recommended goals and objectives.</p>
5.	Development and Installation of a District “Management Plan for Funding OPEB GASB 43 & 45 Liability”	RB & Chuck	02/13/14	06/26/14		<p>06/19/14. A introductory discussion will be conducted at the 06/23/14 RB meeting. Next steps will be discussed concerning selection of compliance vendors to manage plan selected.</p> <p><u>05/07/14</u> Discussed at last RB meeting and will be discussed and reviewed at future RB meetings.</p> <p><u>03/14/14</u> To be discussed at 04/24/14 RB Meeting</p> <p><u>02/13/14</u> The District has a need to control future cost in general. A significant cost, second to salary costs, is eligible employee, retiree and dependents benefits which need to be managed. The development of a “Management Plan for Funding OPEB GASB 45 Liabilities” short and long term needs to be developed and recommended for Board of Trustees consideration.</p>

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6.	Conduct RFQ/RFP Vendor Selection Process	RB	03/14/14	06/26/14		<p>06/19/14 Initial discussions concerning the selection of a vendor to manage the district’s OPEB GASB assets will be conducted.</p> <p><u>05/07/14</u> Discussed at last RB meeting. Vendor review and selection process will be discussed at a future RB meeting.</p> <p><u>03/14/14</u> details will be discussed at 04/24/14 RB Meeting</p>
7.	Pre-publish RB Meeting Dates Minimum One Year of Meeting Dates	RB	02/13/14	06/26/14		<p>06/19/14 Verification of RB meeting schedule to be conducted at next RB meeting.</p> <p><u>05/07/14</u> For the next several months RB meetings will be held monthly on the 3rd or 4th Thursday of each month depending on RB members and Consultant’s schedules. Once RB meetings goes to quarterly meetings an annual RB quarterly meeting schedule will be announced.</p> <p><u>03/14/14</u> To be discussed at 04/24/14 RB Meeting</p> <p><u>02/13/14</u> For RB Member planning purposes and to ensure a quorum at all RB meetings future RB meeting dates need to be pre-selected</p>

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8.	Impact of GASB 68 and Future OPEB GASB 43 & 45 Modifications and Impacts on District Financials	Chuck	02/13/14	06/26/14		<p>06/19/13 The OPEB GASB organization has issue their draft exposures for possible modifications to the GASB guidelines. A discussion with impact on the district will be conducted.</p> <p><u>02/13/14</u> The GASB organization has made and continues to make impact modifications on the District’s OPEB pension programs. A need to stay informed on the next set of GASB organization OPEB modifications is a priority. Discussions of possible and actual modifications when issued will be discussed at future RB meetings</p>
9.	Accumulate/Gather Information, Documents and Agreements from “Items Needed List”	Diana	12/28/13	06/26/14		<p>06/26/14. A few items are still outstanding. Will continue to review and discuss status at future RB meetings.</p> <p><u>02/13/14</u> Diana and Chuck conducted a conference call to review a few action items. One action item was the “Items Needed List”. Some items located or determined to not exist were discussed or were sent to Chuck’s attention for review and reporting.</p> <p><u>12/28/13</u> An inventory of existing CCLC OPEB GASB Plan agreements, documents and other plan information needed for review, possible action and the “Substantive Plan” binders and files to be obtained.</p>
10.	Review Last RB Meeting Minutes for Inclusion with Next RB Meeting Agenda	Diana, Deborah & Chuck	05/07/14	07/01/14		<p>06/19/14 RB meeting minutes were recorded. Draft of RB meeting minutes need to be reviewed prior to next RB meeting tentatively scheduled for 06/26/14. Initial draft of minutes to be sent to Chuck to proof read and make modifications if needed.</p>

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11.	Conduct Pre Retirement Board (RB) Conference Call to Prepare Next RB Meeting Agenda	Diana & Chuck	02/13/17	07/01/14		<p><u>06/23/14</u> Next tentative meeting date is TBD. RB agenda to be prepared, sent to Diana and reviewed by TBD</p> <p><u>03/14/14</u> Agenda being prepared by Chuck. Will be sent to Diana for approval by 04/08/14.</p> <p><u>02/13/14</u> The next meeting of District’s Board of Trustees is scheduled for 03/10/14 when the designated Board member to the District’s OPEB GASB RB will be determined. Once this is accomplished the first organizing meeting of the RB can be determined and conducted.</p>
12.	Develop Audit Schedules with Current Accounting/Audit Firm that Results in a More Detailed Audit of the District’s Irrevocable Trust	Diana & Chuck	02/13/14	09/01/14		<p><u>02/13/ 14</u> There are fiduciary liability and conflict of interest exposures that the District and the RB members have along with RB members having a personal liability exposure to the above. The District’s Accounting/Audit firm can be utilized to audit, as an example, the Investment policy Statement (IPS) that no more than 55 is invested in any one investment by the District’ s OPEB GASB Investment Manager. Other similar items need to be reviewed such as meeting targeted rates of return etc.</p>
13.	Policies and Procedures for the District’s Maintenance of their Inclusive OPEB GASB 43 & 45 Compliance “Process” including the “Substantive Plan”.	RB & Chuck	02/13/14	09/01/14		<p><u>02/13/14</u> Policies and procedures for development and on-going maintenance of the RB’s Inclusive OPEB GASB 43 & 45 Compliance “Process”, including the “Substantive Plan” needs to be created and implemented.</p>
14.	Semi Annual Board of Trustees Update and Results Presentation	RB	02/13/14	09/01/14		<p><u>02/13/14</u> The District Board of Trustees who have fiduciary responsibility for the RB OPEB GASB compliance plan need to have semi-annual results and other plan item updates</p>

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15.	Status of District’s OPEB GASB 43 & 45 Compliance Actuarial Valuation.	RB	02/13/14	10/01/15		<u>02/13/14</u> The District’s two year timeframe for obtaining an OPEB GASB actuarial report will be due as of August, 2015
16.	Fiduciary Liability Exposure Mitigation, Including Conflict of Interest Overview	Chuck	02/13/14	10/01/15		<u>02/13/14</u> Initial conversation was conducted at the RB meeting. Expansion of policies, procedures and training needs to be discussed.
17.	Status of CCLC /Other Retirement Board (RB) Signatures Card	Diana	02/13/14	03/14/14	03/14/14	<u>03/14/14</u> Completed <u>02/13/14</u> All paper work to set up Trust has not been submitted and is being held until the District determines which OPEN GASB Plan they will be going with in the near future.
18.	Sample Retirement Board (RB) 1 st Meeting Agenda Preparation and Distribution	Diana & Chuck	02/13/14	04/24/14	04/24/14	<u>05/07/14</u> Completed <u>03/14/14</u> Conference call conducted by Diana and Chuck. Initial RB Meeting agenda discussed to be delivered to Diana by Chuck to approve and have posted 72 hours prior to RB Meeting scheduled for 04/24/14 <u>02/13/14</u> Chuck to send Diana a sample draft copy of the RB’s initial board meeting agenda for review, approval and posting.
19.						

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20.						
21.						