

MEMORANDUM

To: FPPA Employers

Re: Applicability of GASB 75

Date: 9/7/2017

The Governmental Accounting Standards Board (GASB) released Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pension* that is effective for fiscal periods beginning after June 15, 2017. This statement details the reporting requirements for Employers regarding other postemployment benefit (OPEB) plans.

Applicability to FPPA Statewide Death & Disability Plan

FPPA administers the Statewide Death & Disability Plan which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under this standard. This plan covers substantially all active full-time (and some part-time) employees of fire and police departments in Colorado.

As it pertains to the requirements in Statement No. 75 regarding the FPPA Statewide Death & Disability Plan only, below are some plan highlights considered:

Benefits

- Benefits are provided separately from the FPPA pension plans
- The plan provides benefits for members or their survivors not eligible for a “normal retirement” or for an on-duty death for active members eligible to retire
- Once a member is eligible to retire, contributions to the plan and plan benefit obligations cease

Contributions

- There are no mandatory employer or nonemployer contributing entities
 - The State of Colorado completed its funding in 1997 for all past and future service costs for members hired prior to January 1, 1997
- The plan is funded by member contributions or contributions made on behalf of members
 - It is a local department decision
 - C.R.S. 31-31-811. *State funding of death and disability benefits*, item (4), further describes the contribution funding obligation
- Under Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 85, *Omnibus 2017* paragraph 15, FPPA will classify all contributions to the Statewide Death & Disability Plan as member contributions. This would also result in classifying the contributions as member contributions when calculating the employer’s proportionate share of the plan Net OPEB Liability and related expenses and deferral items.

Implementing Statement No. 75 for Employers

FPPA will not be providing audited schedules to employers for use in calculating a Net OPEB Liability and related expenses and deferrals as it relates to the Statewide Death & Disability Plan. As the contributions to the plan are all classified as member contributions, the “employer’s projected long-term contribution effort to the OPEB plan” (numerator) is \$0. Additionally, the “total projected long-term contribution effort of all employers and nonemployer contributing entities” (denominator) is also \$0. Therefore, all Employer’s proportionate share calculations are 0% . (See paragraph 59 a. of GASB 75). Finally, employees are not included in the definition of a nonemployer contributing entity within the standard.

We recommend that Employers work closely with their auditors to determine the correct level of disclosure for the FPPA Statewide Death & Disability Plan.

Please feel free to contact Ahni Smith, FPPA Accounting Director, with any further questions you may have at 303-770-3372.