

GASB 75 FAQs

1. **GASB 75 indicates a net OPEB liability will be recognized on the modified accrual basis of accounting to the extent payments have matured – that is, benefit payments are due and payable and the OPEB plan’s fiduciary net position is not sufficient for payment of these benefits. Is this a situation we are likely to encounter in Ohio?**

Based on the funding levels of the state-wide OPEB plans, local governments will not currently be booking a liability on the modified accrual basis of accounting.

2. **GASB 75 addresses the possibility of reporting a net OPEB asset. Will that be something we encounter in Ohio?**

At this time, we are not aware of any of the State-wide plans reporting a net OPEB asset.

3. **My government has historically presented comparative statements, will I be able to present comparative statements the first year I implement GASB 75?**

If you have selected a measurement date 12 months prior to your fiscal year end, STRS and SERS will not have the information necessary to restate the comparative information. GASB has advised us that governments in this situation have two options:

1. The current year can be presented following GASB 75 and the prior year can be presented following GASB 45. The notes will need to indicate the comparative year has not been restated and explain why it has not been restated. All GASB 45 disclosures and any relevant GASB 45 RSI will need to be included for the comparative year. Additionally, all GASB 75 disclosures and relevant RSI will need to be included for the current year.
2. Do not present the comparative year in the year GASB 75 is implemented. The comparative year can be added back in the subsequent year.

You should also consider if GASB guidance is the appropriate accounting guidance to be followed.

4. **Which component of net position should be affected by the NOL?**

Generally, a liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets. It can be argued the NOL will not be liquidated with restricted assets; therefore the NOL can be closed to unrestricted. However, local governments may opt to allocate the NOL to restricted funds, if payment of the NOL is an allowable expense for the restricted fund. It is management’s responsibility to determine if restricted amounts can be used for this purpose.

It is unlikely the NOL will be an allowable expense for Federal grants. For certain Federal and State pass-through grants an indirect cost plan may be needed to make this allocation. Local governments should contact their grantor agencies for guidance if they wish to pursue the option of allocating the NOL to funds with restricted grants. The Auditor of State and IPA firms will audit the OPEB liability allocation to Federal and other restricted programs in accordance with the guidance the local government receives from its grantor agency or legal counsel. Absent such opinions, the local government must have a reasonable and well documented rationale for allocating its OPEB liability to restricted funds in proportion to the number of employees compensated from such fund. Consideration should also be given to the approach taken for GASB 68.

5. Is there any portion of the NOL that is due in one year?

If the OPEB plan's fiduciary net position is sufficient to make benefit payments that are due and payable for the next year, no amounts are currently considered due in one year.

6. Will my OPEB expense tie to the OPEB expense reported in the audited employer schedules from the OPEB plan?

Due to accounting for the change in proportionate share, the difference between the proportionate share of employer contributions and actual employer contributions, and accounting for specific one-time liabilities, the OPEB expense reported in the employer's financial statements could differ from the amounts reported in the audited employer schedules. Typically, the amounts will be comparable.

7. The RSI schedule which presents the government's proportionate share of the net OPEB liability is to be prepared as of the measurement date. Should the columns on the schedule be captioned using the measurement date or the fiscal year end date?

These columns should be captioned using the fiscal year end date. A footnote can be added to explain the measurement date as it relates to the fiscal year end date.

8. Certain portions of the GASB 75 note disclosure seems to overlap with the GASB 68 note disclosure. Do I need to repeat the disclosure?

No, the notes can be organized in a manner that avoids unnecessary duplication.

9. Should the implementation of GASB 75 for Community Schools parallel the guidance provided in the GASB 68 AOS FAQs?

Yes, the guidance provided in questions 12 through 15 of the GASB 68 FAQs is applicable to GASB 75. The GASB 68 FAQs can be found at the following link: [GASB 68 FAQs](#).

10. Recently some of the State pension and OPEB plans have reported a net pension/OPEB asset. How is this amount reported?

The net pension/OPEB asset is considered a restricted asset as it can only be used to provide pension/OPEB benefits. Although GASB has no specific guidance, the following can be used as a guide.

GASB Codification 2200.710.06, indicates:

The restricted component of net position represents restricted assets reduced by liabilities, as well as deferred inflows of resources, related to those assets. Generally, a liability relates to restricted assets if the assets result from incurring the liability or if the liability will be liquidated with the restricted assets.

For those participating in GFOA's Certificate of Achievement Program, GFOA will be looking for restricted net position to be calculated as follows:

When calculating the amount of restricted net position related to the net pension/OPEB asset, the government should not include any amounts of the deferred outflows of resources and the deferred inflows of resources related to pension/OPEB. The net pension/OPEB

asset did not result from the recognition of a liability, and there is not a reported liability that will be liquidated with the net pension/OPEB asset.

May 31, 2024