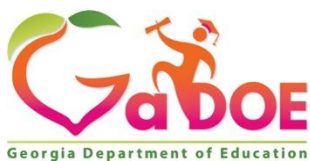


Instructions for Posting the Net OPEB Liability

**FISCAL YEAR 2021
GaDOE FINANCIAL REVIEW DIVISION**



April 23, 2021



2021 INSTRUCTIONS FOR POSTING THE NET OPEB LIABILITY

Step A - Accumulating the Resources

Begin by obtaining/downloading the following:

- OPEB Sample Note Disclosure
- OPEB entity-specific employer packets
- Obtain the amount of contributions to the plan from the Department of Community Health:
 - FY 2020 (July 1, 2019 – June 30, 2020)
 - FY 2021 (July 1, 2020 – June 30, 2021)
(Required to be provided by DCH because the amount of contributions to the OPEB Fund is not the equivalent of the payments by the LEAs to the State Health Benefit Plan.)
- Department of Audits and Accounts notes template
- Allocation percentages by function of the SHBP payments provided by GaDOE or prepare another mechanism for determining the allocations to the functional expenditure categories that will be necessary for the adjustments to the OPEB expense.
- FY 2021 GASB 75 Allocation worksheets provided by GaDOE or prepare another mechanism for documenting the actual amounts and percentages allocated to the functional expenditure categories for the journal entries recording or adjusting the OPEB expense.

Step B – Recording the Journal Entries

Using the journal entries provided by DCH SHBP, enter the activity on the Department of Audits financial statement template or use the spreadsheet provided by GaDOE. The difference is the packets provided by SHBP do not include the account numbers that the school districts will use to post the activity, either on the general ledger or the excel templates provided by DOAA. The sample Fund 904 (OPEB Activity – Government-wide) journal entries located on Financial Review’s webpage do contain the account numbers to be used when posting the OPEB activity.

The amounts provided in the journal entries for the current year activity of the OPEB plan are based on the Schedule of Employer Portion. All amounts are traceable to that document included in the actuarial report for each OPEB plan. Please see the actuarial reports published on the DCH website.

All entries will be posted in the Fund 904 account. The adjustments to the OPEB expense should not be run through payroll and will not affect the contribution amounts paid for employees. It is recommended for fiscal year 2021, the school districts **do not post the activity directly** on the general ledger, but post on the template used for financial statement preparation.

See the updates to the LUA State Chart of Accounts for correct account numbers to utilize in the following entries.

- **Entry #1** – To record beginning deferred outflow of resources for FY 20 contributions based on GASB 75. The contributions reclassified were those contributions during the

measurement period July 1, 2019 – June 30, 2020. This is because the true expense during the measurement period of the OPEB liability is the proportionate share of the OPEB plan's expense. The contributions are not considered the true expense. This amount must be provided by DCH, as the amount contributed into the OPEB Fund is not the equivalent of the amount billed to the LEA by the SHBP.

Debit Deferred Outflows of Resources – 0315

Credit Beginning Net Position

Entry #2 – To record beginning proportionate share of net OPEB liability. The amount that will be recorded is the liability as of June 30, 2019 (measurement period). This amount will be the ending liability balance per the 2020 audit report and should also tie to the ending amount provided by DCH for fiscal year 2020.

Debit Beginning Net Position

Debit Deferred Outflow of Resources – Pension/OPEB Plans – 0317

Credit Deferred Inflow of Resources – Pension/OPEB Plan – 0517

Credit Collective Proportionate Share of the Net Pension/OPEB Liability – 0592

- **Entry #3** – To record current year activity. The accounts and amounts for the entry will be obtained from the actuarial information provided by DCH related to the School OPEB Fund. The entry provided will not include LUA state chart of account numbers. The LEAs should use the Fund 904 sample journal entries provided to match up the account numbers.
 - The entry will include debits and credits to Deferred Outflows and Deferred Inflows, depending on the fluctuations in the actuarially determined OPEB liability. If the net investment decreases, the liability increases, and deferred outflows increase. If the net investment increases, the liability decreases, and the deferred inflows increase. Other possible changes to the liability include differences between expected and actual experience and changes in the assumptions related to the OPEB plan.
 - The OPEB plan (SHBP) will provide an amount of the current year contributions for the measurement period. The measurement period was July 1, 2019 through June 30, 2020. Remember: The amount credited to the Deferred Outflow of Resources – District Contributions (0315) should agree to the amount posted in Entry #1. Because DCH will have to provide this amount each year, the amount in Entry #1 should ALWAYS agree with the amount in Entry #3.
 - One consideration when posting the current year activity of the OPEB plan is how to post the expense. For LEAs, the OPEB Fund expense is just one portion of the expense reported by the LEA as a monthly billed payment to the State Health Benefit Plan. There is not an equivalent correlation between the amount reported in the fund level expenditures for payments to the State Health Benefit Plan because those expenditures include current costs, administrative fees, and payments to the School OPEB fund. The adjustment for the contributions to the OPEB School Fund will be posted to the 279 Pension/OPEB Expense Object Code. The net of this entry and the amount posted in 210 is the amount considered the current expense for the SHBP. To determine the percentages of

OPEB expense allocated by function, GaDOE used the FY 2020 DE46 financial data submitted by each school district to determine the percentage of SHBP benefit expense posted to each functional category.

Debit/Credit Deferred Outflow of Resources – Pension/OPEB Plan - 0317

Debit/Credit Deferred Inflow of Resources – Pension/OPEB Plan - 0517

Debit Pension/OPEB Expense (**based on functional allocation**)

Debit/Credit Proportionate Share of Collective Net Pension/OPEB Liability - 0592

Credit Deferred Outflow of Resources – District Contributions (removal of prior year Deferred Outflows) – 0315 (Should agree with Entry #1)

The direction of the entry depends on the actuarial changes to the net OPEB liability

- **Entry #4** – To record pension expense for paragraph 64 and 65 deferred balances arising in prior measurement periods. All of the accounts and amounts for will be obtained from the actuarial information provided by DCH.
 - The entry will include a debit and/or credit to Deferred Outflows and Deferred Inflows, depending on the changes in proportion and contributions in prior measurement periods (paragraphs 64 and 65 of GASB Statement 75) for the beginning deferred outflows and/or beginning deferred inflows. If the contributions for prior measurement periods increases for beginning deferred outflows, the opeb expense increases and deferred outflows decreases. If the contributions for prior measurement periods decreases for beginning deferred outflows, the opeb expense decreases and the deferred outflows increases.

Debit/Credit Deferred Inflow of Resources – paragraph xx and xx - 0517

Debit/Credit Deferred Outflow of Resources – paragraph xx and xx - 0317

Debit/Credit OPEB Expense (based on functional allocation)

- **Entry #5 (entry will be provided at a later date, and not included in the packet)** – To record deferred outflows of resources for contributions subsequent to measurement date. The rationale for this entry is that an expense incurred by the employer after the **measurement date** (which for our purposes is June 30, 2020) should be considered a prepayment of future obligations, therefore those expenses should be reclassified to Deferred Outflows of Resources. The LEAs will reclassify the contributions billed by the OPEB plan during the next measurement period of July 1, 2020 through June 30, 2021.
 - The amount of the contributions billed by the School OPEB Fund will be provided by the Department of Community Health. The LEAs monthly payments to the State Health Benefit Plan include the contributions, current expenses, and administrative costs. The amounts billed by SHBP to the LEAs is not the amount that is contributed to the plan. Therefore, this amount for the subsequent contributions billed must be provided by DCH. The amount will be tentatively provided by August 15 following June 30th each year.

Debit Deferred Outflow of Resources - 0315

Credit The functional expense categories of the OPEB expense aid during July 1, 2019 through June 30, 2020

Step C – Preparing the Required Supplementary Information

There are 3 components to the Required Supplementary Information:

- The Schedule of the LEA's Proportionate Share of the Net OPEB Liability – School OPEB Fund
 - This schedule will include the School OPEB information from the measurement period of June 30, 2020 as the balance at June 30, 2021. While the column heading is 2021, it is actually 2020 data. A footnote will be included on the Schedule that indicates the measurement period.
 - The LEA is required to provide the LEA's covered employee payroll. This amount will be the total salary expense of participating employees, as reported on the CS-1.
 - All other components will either be provided or calculated.
- The Schedule of LEA Contributions
 - This schedule will include the contribution information as of June 30, 2021.
 - The contributions for this schedule must be provided by Department of Community Health. The monthly payments to the SHBP are not equal to the amount of contributions to the School OPEB Fund, therefore, these amounts cannot be determined by the LEAs.
 - Covered Payroll for employees participating in the SHBP will be provided by the LEA.
- The Notes to the Required Supplementary Information
 - This information includes the actuarial details of the Changes in Assumptions and the Method and Assumptions used in the calculations of the actuarially determined contributions. This information is entirely provided by DCH.

Step D – Preparing the Notes to the Financial Statements

The notes template will be provided by the Georgia Department of Audits and Accounts. DCH has provided a sample of how the notes disclosure for the OPEB activity should be presented.

The following are sections of the note disclosure that will be updated due to the implementation of GASB 75:

- Summary of Significant Accounting Policies
 - Basis of Accounting
 - Description of Deferred Outflows and Inflows of Resources
- Post-Employment Benefits
 - This note disclosure will agree to the sample provided by DCH and will be prepared using the entity specific data provided by the retirement plan.

Update to LUA State Chart of Accounts for the OPEB Liability Activity

- Fund 904 – OPEB Activity – Government-wide
 - Fund to be used to account for the OPEB activity for GASB 75 reporting requirements. **Financial Review does not require this information to be recorded on the DE 46 submitted.**
- 0315 – Deferred Outflow of Resources – District Contributions
 - An account that represents the entity’s contributions to the cost sharing benefit OPEB plan subsequent to the measurement date and before the end of the employer’s reporting period. **This account is updated to reflect it is allowable for both the Pension Fund 902 and the OPEB Fund 904.**
- 0317 – Deferred Outflow of Resources – Pension/OPEB Plan
 - An account that represents the actuarial changes in the district’s proportionate share of the governmental nonemployer cost sharing benefit OPEB plan. **This account is updated to reflect it is allowable for both the Pension Fund 902 and the OPEB Fund 904.**
- 0517 – Deferred Inflow of Resources – Pension/OPEB Plan
 - An account that represents the actuarial changes in the district’s proportionate share of the governmental nonemployer cost sharing benefit pension and/or OPEB plan. **This account is updated to reflect it is allowable for both the Pension Fund 902 and the OPEB Fund 904.**
- 0592 – Proportionate Share of Net Pension/OPEB Liabilities
 - An account that represents the district’s proportionate share of the unfunded net pension or OPEB liability of the governmental nonemployer cost sharing benefit pension/OPEB plan. **This account is updated to reflect it is allowable for both the Pension Fund 902 and the OPEB Fund 904.**
- 0717 – Net Position – Unrestricted Net Pension/OPEB Obligation
 - An account that represents the district’s balance of Net Position related to the district’s proportionate share of the unfunded pension and/or OPEB liability of the governmental nonemployer cost sharing benefit pension/OPEB plan. **This account is updated to reflect it is allowable for both the Pension Fund 902 and the OPEB Fund 904.**
- 279 – Pension/OPEB Expense
 - Account to be used to record pension expense activity for TRS, ERS, PSERS and any local retirement systems for GASB 68 reporting requirements, as well as the OPEB expense activity for SHBP or any other post-employment benefit for GASB 75 reporting requirements. Government-wide activity only. (Fund 9XX only) **This account is updated to reflect it is allowable for both the Pension Fund 902 and the OPEB Fund 904.**