

School Board Meeting:

February 9, 2009

Subject:

Post-Employment Benefit Actuary

Presenter:

Tina Burkholder

SUGGESTED SCHOOL BOARD ACTION:

For Board Review.

DESCRIPTION:

GASB No. 45 addresses how school districts account for and report their costs and obligations related to post-employment benefits other than pension benefits (OPEB). Typically the obligation results from contracts where the school district agrees to pay for retiree insurance benefits. The obligation also includes severance payments that are based on years of service and deposited into a health savings plan.

Page 2 of the study lists the District's Actuarial Accrued Liability (AAL) as of July 1, 2008 - \$10,694,069. The liability is broken down into two amounts: \$8,033,593 for retiree paid insurance and \$2,660,476 for severance payments into a health savings plan.

Severance payments based on unused sick leave fall under GASB No. 16 and are not part of the \$10.7 million. School districts continue to budget and account for severance payments based on unused sick leave on a "pay-as-you-go" basis. The liabilities are recognized on the fund statements as they occur.

Brenda Hardy from Van Iwaarden will walk us through the actuarial study and provide an overview on GASB 45 obligations.

Attachments:

Attachment 1: Van Iwaarden Post-Employment Benefit Actuary