

3. GASB 75 will require the balance sheet to report the total Un-funded Actuarial Accrued Liability. Previously, GASB 45 only reported the net OPEB obligation. Here is what that actually means:
 - a. With GASB 45, the actuary would calculate what annual contributions should be made based on a calculated long-term liability, and the difference is what was reported. If the long-term liability was \$300,000, that would get broken down to \$10,000/year for 30 years. If the Authority only contributed \$8,000/year for the three years the report applied to, the liability would be \$6,000 because it was underfunded by \$2,000 each year. After three years, a new report would be created and that liability would roll into it as the beginning balance.
 - b. With GASB 75, the entire liability is reported. Therefore, the liability would be the full \$300,000, and that would be reduced by the current calculated value of any investments to cover that. It now mirrors how GASB 68 reports the pension plans. In this example, if the Authority put aside \$8,000/year they'd have \$24,000 in assets and \$300,000 in future liabilities so we'd report an OPEB liability of (\$276,000). That \$24k would be inflated to a different number to account for its future value, but the liability is still going to be substantially larger than it was under GASB 45.
4. GASB 75 reports are going to recalculate the beginning liability based on these new rules. Sticking with that last example, the liability went from \$6k to \$276k. A prior period adjustment will need to be made for this difference.
5. Like GASB 68, GASB 75 will now report deferred inflows/outflows for changes in assumptions for past values and amortize those differences. If you receive a report and see these deferred inflows/outflows, do not be not alarmed, as it is part of the new accounting rule as well.

We understand the year-end close process is tedious, and there is a lot to complete in a short period of time. We have seen some auditors who give findings for items like this not being updated in the unaudited submission. You may want to consult with your fee accountant or auditor for accuracy of the adjustments and reporting.

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