



Santa Barbara SCHOOL DISTRICTS

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To: Dr. J. Brian Sarvis, Superintendent
From: Eric D. Smith, Deputy Superintendent
Subject: Post Retirement Benefit Actuarial
Date: February 12, 2009

Conference Item: (20 minutes)

Background

GASB 43 and 45 are governmental accounting standards that direct how state and local governments account for and report other post-employment benefits (OPEB) that are separate from pension benefits. The most common OPEB is retiree health benefits. GASB 43, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, involves the financial reporting (in the districts' annual audit report) of these benefits. GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, involves the actual accounting for those same benefits.

The intent of the GASB 43 and 45 accounting requirement is to understand what past negotiated retiree benefit commitments mean to current and future budgets, and to accurately reflect the cost of those commitments in the years the costs are incurred (which are the years the employees actually worked for the districts). GASB 45 also requires that OPEB be recognized as an expense and obligation on the districts' financial statements and be reported using full accrual basis of accounting.

Results

The districts' had previously commissioned AON Consulting Group to perform an actuarial analysis of our post retirement benefit liability. The findings of that report were reported to the Board on April 19, 2006. At that point in time, the districts' liability was estimated to be \$18,616,000 for the combined districts over a twenty-year period. The districts retained AON Consulting Group again in fiscal year 2007-08 to prepare an updated actuarial report. Brad Au from the AON Consulting Group will be present to discuss the report.

Fiscal Impact

Liability of \$14,698,000 to the combined districts for health and welfare benefits for both current retirees and active employees who are vested.

Adams Elementary School
Cesar Chavez Charter School
Cleveland Elementary School
Franklin Elementary School

Harding Elementary School
McKinley Elementary School
Monroe Elementary School
Open Alternative School

Peabody Charter School
Roosevelt Elementary School
Santa Barbara Charter School
Santa Barbara Community Academy
Washington Elementary School

Goleta Valley Junior High School
La Colina Junior High School
La Cumbre Junior High School
Santa Barbara Junior High School

Dos Pueblos High School
La Cuesta Continuation High School
San Marcos High School
Santa Barbara High School