

From:

To:

Subject: OPEB

Date: Thursday, October 17, 2019

Attachments: [Negative Expense-Revenue Footnote.docx](#)
[Revised Actuarial Reports for Certain Plans.PNG](#)

Dear Colleagues,

Here we are again. I have more news about OPEB. Please forward this message to others on your staff who may be involved with auditing employer OPEB information.

Negative “Nonemployer” Expense:

By now some of you may have noticed that some of **the LEAs** had a **negative** “nonemployer” opeb expense related to the special funding situation with the State of Tennessee. You will find this number on page three of the actuarial report. We believe this negative number should be reported as a negative expense and a negative revenue in the Government-wide Statement of Activities. If this seems strange, it is. I don’t think GASB anticipated this situation. The negative numbers will not be recorded at the fund level. However, there will be an on-behalf amount booked as a revenue and expenditure at the fund level (Refer to GASB 85, paragraph 10). This number can be found on page 7 of the Actuarial Report at Item E. I have attached a version of the footnote related to this unique situation that the Division of Local Government Audit plans to use.

Local Government Tennessee Medicare OPEB Plan Is Not an Open Plan:

The original current year note disclosures provided by F&A for the **Local Government** OPEB Tennessee Plan (i.e. Medicare Plan) show that the Tennessee Plan is an “**open**” plan due to a misunderstanding by F&A staff. We have been advised by F&A that this is not the case. **The Local Government TN Plan is not open. It is closed to those hired after July 1, 2015.** The note disclosures provided by F&A have not been updated to correct this error. **You will need to manually correct the note disclosure to say that the TN Plan is not open.** (This was correctly presented in the prior year’s disclosures so you may simply look back at last year.)

The Actuarial Reports have not changed as a result of this issue.

Revised Actuarial Reports for some Local Government Tennessee Plan Participants:

Due to a misunderstanding by the Actuary concerning entities with commercial insurance plans, the OPEB liability balances for some members in **Local Government Tennessee Plan** (Medicare Plan) were reduced to zero for FY 2019. The actuary has issued “revised” reports for those identified as being in error, and the note disclosures have been updated by F&A. The updated disclosures are presented on our website under the Accounting and Auditing Information Tab. I have attached a list

of the entities that required revised actuarial reports. (One previous list also included the City of Hartsville and the Association of County Mayors, but the above list which should be final, does not show these two entities.)

State Audit Examination Opinions for Pensions and OPEB:

We believe these reports will be issued soon. We do not have an exact date yet.

Weighted Average Maturity:

On a completely different subject, some of you have requested the Weighted Average Maturity (WAM) for investments in the Local Government Investment Pool managed by the Tennessee Department of Treasury. The WAM had a range of 1 to 86 days as of June 30, 2019.

Please understand that the Division of Local Government Audit has to deal with the same issues. We provide this information to you as soon as we receive it and understand the ramifications for our audits. Thanks for all the hard work you do to make Tennessee government work better. Jerry

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The Typical County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Typical County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department is required by GASB Statement No. 75 to recognize revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department employees. The amount of the subsidy is equal to the nonemployer share of collective OPEB expenses. During the year, collective OPEB expenses for Typical County School employees was negative. Consequently, Typical County has recorded the negative collective OPEB expense (\$2,093,075) and recorded negative operating grants and contributions revenues (\$632,430) as a result of recording the nonemployer share of the collective OPEB expense.

- [!\[\]\(effbd7993c63c039a58fd3395789cf3f_img.jpg\) TN Plan GASB 75 - Bells, City Of](#)
- [!\[\]\(144980d038f2541d7b588a8a9132bd70_img.jpg\) TN Plan GASB 75 - Bloomingdale Utility](#)
- [!\[\]\(c4ce2d477989700c971cf3d240ad9283_img.jpg\) TN Plan GASB 75 - Bolivar](#)
- [!\[\]\(5013555a72072875cb154b597e002a46_img.jpg\) TN Plan GASB 75 - City of Humboldt](#)
- [!\[\]\(bf2038c114ec21ea58ad011774351c98_img.jpg\) TN Plan GASB 75 - City of Lakewood](#)
- [!\[\]\(1ad0c3425edfa4762c2f20e33e3e5bbf_img.jpg\) TN Plan GASB 75 - City of Portland](#)
- [!\[\]\(74d2fc5645add84f8511beb934060048_img.jpg\) TN Plan GASB 75 - Goodlettsville, City of](#)
- [!\[\]\(ddc5533caa0187e636e3d3234e0983a3_img.jpg\) TN Plan GASB 75 - Greeneville, Town of](#)
- [!\[\]\(7c207f8f59385c6dd11f9d9bdc7a0d1d_img.jpg\) TN Plan GASB 75 - Hamblen Co Courthouse](#)
- [!\[\]\(57a1bf910af99362b80b3ac4f2eecbac_img.jpg\) TN Plan GASB 75 - Jefferson City](#)
- [!\[\]\(6b114000ab07dda576e2920e2dc838fa_img.jpg\) TN Plan GASB 75 - Kingston Spring](#)
- [!\[\]\(9129a6a4a4b11facb5cf665660eef788_img.jpg\) TN Plan GASB 75 - Linebaugh Pub Lib](#)
- [!\[\]\(7cbd4924d31aa4c46df484d5c5bf4696_img.jpg\) TN Plan GASB 75 - Madison Suburban Utility District](#)
- [!\[\]\(b3461332979d340882fda628798720af_img.jpg\) TN Plan GASB 75 - Milan, City of](#)
- [!\[\]\(5dc380853f1779b9d7a8d6fbbcdbb357_img.jpg\) TN Plan GASB 75 - Monroe County](#)
- [!\[\]\(2894a5ead456ff0145f35b01b4a6c7df_img.jpg\) TN Plan GASB 75 - Norris](#)
- [!\[\]\(6b9cc5709aff55a0cbbb7dd78fcf3ba1_img.jpg\) TN Plan GASB 75 - Overton County](#)
- [!\[\]\(cd4202444435d9e729cdf801e3403cf4_img.jpg\) TN Plan GASB 75 - Overton County 911](#)
- [!\[\]\(a595a22b25819b91e6cd221ac336245d_img.jpg\) TN Plan GASB 75 - Sevier County](#)
- [!\[\]\(912cec22f21865fe086f1aaa377b4c97_img.jpg\) TN Plan GASB 75 - Sumner County](#)
- [!\[\]\(d66d6cd7d0eca6e4b13ae9e87c7f7f49_img.jpg\) TN Plan GASB 75 - Tennessee CSA](#)
- [!\[\]\(2e58555536753c4dae915c3689ae8744_img.jpg\) TN Plan GASB 75 - TN Co Hwy Officials Asn](#)
- [!\[\]\(704be90457dfbf7435f703bdc5293a9e_img.jpg\) TN Plan GASB 75 - TN Sec Sch Ath Assn](#)
- [!\[\]\(9a8314206d1a19a24da8a71532ac6fea_img.jpg\) TN Plan GASB 75 - Town of Clinton](#)
- [!\[\]\(d0819331239cfe31193900cc06944bf3_img.jpg\) TN Plan GASB 75 - Union County General Fund](#)
- [!\[\]\(4909cf475d986aa46b298b5fdca4ee07_img.jpg\) TN Plan GASB 75 - White House, City of](#)
- [!\[\]\(a7d5e2c96349c1d63a82cd31458462fc_img.jpg\) TN Plan GASB 75 - Williamson County](#)
- [!\[\]\(e28368bd9a276ed4dec00f0d27ffd39f_img.jpg\) TN Plan GASB 75 - Woodbury](#)