

Kensington Police Protection and CSD

GASB 75 Proposed Scope, Fees, and Timing

January 15, 2019

Assumptions

Employer Fiscal Year End	June 30, 2019	June 30, 2020
Plan Trust Fiscal Year End	June 30, 2018	June 30, 2019
Measurement Date	June 30, 2018	June 30, 2019
Valuation Date	June 30, 2018	June 30, 2018

Scope

We will prepare the following reports and presentations relating to the Retiree Medical Plan:

1. 7/1/18 Funding Valuation to determine ADC for PY2018-19 and 2019-20
2. FY2018-19 GASB 75 report and interim valuation
3. FY2018-19 GASB 75 report and full valuation

The 6/30/18 Funding and GASB 75 reports will be similar to our 6/30/17 GASB 75 report. They will include:

- An executive summary comparing the 7/1/18 and 7/1/17 measurement date results
- A gap analysis listing the causes in the change in liability between the two measurement dates
- GASB 74/75 required supplementary information

A Funding Valuation is required to calculate an Actuarially Determined Contribution (ADC). GASB 75 is not a funding method, but does request employers disclose an ADC if calculated.

FY2018-19 Timeline

- 1/20/19 KPPD sends census, assets, and other information to complete the valuation
- 3/31/19 NCG completes 7/1/18 funding valuation and sends report to KPPD
- 4/15/19 NCG completes 6/30/19 GASB 75 disclosures
- NCG provides support on CERBT filings and/or auditor questions as needed

FY2018-19 timeline:

- 1/01/20 KPPD sends census counts and assets to verify no material change
- 3/31/20 NCG completes 6/30/19 GASB 75 disclosures
- NCG provides support on CERBT filings and/or auditor questions as needed

Full and Interim Valuations

GASB 75 requires annual valuations now be performed. However, census data (for a “full valuation”) only needs to be collected every two years. In the interim valuation, we must update assets but liabilities can be based on roll-forward data. Therefore, interim valuations should be at lower cost.

Post-Measurement Date Reportable Events

Events occurring between the measurement date (6/30/18 this year) and the fiscal year end (6/30/19) that materially impact the GASB 75 results should be identified (and quantified if possible) in the footnote disclosures. These events can include plan changes, workforce changes, and post-measurement date contributions (a deferred outflow).

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Our reports will not reflect post-measurement date contributions as the amount will not become final until after the fiscal year end.

Funding Report to Present the Actuarially Determined Contribution (ADC)

Funding valuations are optional because there is no requirement to pre-fund liabilities. However, when pre-funding, GASB 75 requires disclosure of the ADC, if calculated. A funding valuation would generally be completed biennially whenever a new census is collected.

Fees for GASB 75 And Funding Reports in Fiscal Years 2018 and 2019

Deliverable	FY2018-19	FY2019-20
FY2019 Optional 7/1/17 Funding Report	\$1,200	Included ¹
FY2019 Full Valuation and GASB 75 Report	3,800	n/a
FY2018 Interim Valuation and GASB 75 Report	n/a	\$2,800
Assistance with auditor questions	Included	Included
Assistance with CERBT annual filings	<u>Included</u>	<u>Included</u>
Total 2-year Cost	\$5,000	\$2,800

¹The 7/1/18 funding report will project the ADC for two additional years beyond 2018-19.

Our fees include unlimited consulting and assistance via phone or email related to the valuation results. Our fees for in-person meetings are based on our billing rates and length of meeting, but are usually around \$700 per meeting.

The fee for the interim valuation includes any update to the liabilities required due to changes in assumptions requiring minimal labor, such as a change in the discount rate and/or trend rate. Additional fees may apply due to additional work resulting from more significant amount or complexity of assumption changes, census data changes, and/or plan provision changes.

The scope, fees, and timing discussed above is subject to change based on additional regulatory guidance, including publication of the AICPA audit guidance and the GASB 75 implementation guide. Billing will generally occur monthly on a progressive basis.