



Yolo County Housing


Lisa A. Baker, Executive Director

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BOARD OF COMMISSIONERS

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DATE: December 11, 2008
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director 
PREPARED BY: Mark Stern, Finance Director
SUBJECT: Review and Approve Resolution in support of CalPERS' request for a Government Accounting Standards Board rule change.

RECOMMENDED ACTIONS:

That the Board of Commissioners:

Approve the Resolution in support of CalPERS' letter to the Government Accounting Standards Board.

BACKGROUND / DISCUSSION

GASB 45 is an accounting and financial reporting provision requiring government employers to measure and report the liabilities associated with "other (than pension) post employment benefits" (or OPEB). Reported OPEBs may include post-retirement medical, pharmacy, dental, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan. Government employers required to comply with GASB 45 include all states, towns, education boards, water districts, mosquito districts, public schools and all other government entities that offer OPEB and report under GASB.

GASB 45 was issued by the Governmental Accounting Standards Board (GASB) in July 2004 because of the growing concern over the potential magnitude of government employer obligations for post-employment benefits and becomes effective for entities of YCH's size for fiscal years beginning after December 15, 2007.

The GASB reporting requirements vary based on an organization's number of employees. Large organizations (over 200 employees) must have GASB 45 actuarial studies done biennially, medium organizations (100-200 employees) triennially, and small organizations may use the Alternative Measurement Method (AMM) instead of obtaining a formal actuarial OPEB valuation. Under the current rule, YCH is required to follow the biennial actuarial study valuation because of our participation in CalPERS Employee Retirement Benefits Trust (CBERT) even though the YCH actually qualifies as a small organization that would otherwise be subject only to the Alternative

Measurement Method. Making the YCH subject to the financial cost of a large agency is an unreasonable financial burden on the organization.

CalPERS is requesting our support of their attempt to have the rule relaxed in order to reduce the financial burden placed on small agencies that participate in a multiple-employer trust that included a combined total of more than 200 employees.

FISCAL IMPACT

1. The 2008-2009 budget includes \$5,000 for the estimated cost of the required actuarial study.
2. An RFP for the actuarial study is being prepared. The actual cost that will be incurred is not yet known.
3. Under the existing rule, YCH will be required to have the actuarial study completed every two years.
4. If the rule is changed, YCH could have the less costly AMM valuation completed every three years.

CONCLUSION

Staff recommends that the Board approve the Resolution in Support of CalPERS' effort to have the GASB 45 requirement changed.

Attachment: Resolution

**YOLO COUNTY HOUSING
RESOLUTION NO. _____**

**Resolution In Support of the CalPERS Request for a Government Account
Standards Board (GASB) Rule Change**

WHEREAS, the Government Account Standards Board (GASB) has, in GASB Statement 45, instituted a rule that categorizes small employers as large if they participate in a multi-employer trust; and

WHEREAS, the Housing Authority of the County of Yolo would incur additional unfunded mandated costs as of result of this rule; and

WHEREAS, CalPERS is requesting a relaxation of the rule as it relates to small employers; and

WHEREAS, CalPERS is requesting YCH's support of their letter to the Government Accounting Standards Board.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED, AND ORDERED AS FOLLOWS:

The Board of Commissioners of the Housing Authority of the County of Yolo does hereby endorse CalPERS' request to the Government Accounting Standards Board for relaxation of the GASB Standard 45 classification of small employers participating in a multiple-employer trust.

PASSED AND ADOPTED, by the Board of Commissioners of Housing Authority of the County of Yolo , State of California, this 11th day of December, 2008 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Michael H. McGowan, Chair
Board of Commissioners of the
Housing Authority of the County of Yolo

Approved as to Form:

Sonia Cortes, Agency Counsel

Attest:

Ana Morales, Clerk
Board of Commissioners of the
Housing Authority of the County of Yolo

By _____
Deputy