

# EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST

---



13 Executive Drive—Suite 19, Fairview Heights, IL 62208

## Consultants

Tom Dahncke	Phone: 618-791-5541	Email: <a href="mailto:tdahncke@charter.net">tdahncke@charter.net</a>
Leo Hefner	Phone: 618-973-8221	Email: <a href="mailto:lhefner@htc.net">lhefner@htc.net</a>

To: Participating Districts

Date: March 2009

Re: **GASB 45 Reporting Requirements for Other Post Employment Benefits (OPEB)**  
**Important Notice for Your Auditor**

As you may know, beginning with the audit for fiscal year ending June 30, 2009, most districts will have an obligation under GASB 45 to report their costs and liabilities for post employment benefits other than pensions (OPEB), including health coverage for retirees.

For purposes of GASB 43 (the corresponding accounting rule for benefit plan trusts) and GASB 45, the Egyptian Trust is a cost-sharing multiple employer defined benefit health care plan. The Trust has included the OPEB disclosures required by GASB 43 in the notes to its audited financial statements for its fiscal year ended June 30, 2008, and will continue to include these disclosures in future years. Since complete disclosures are included in the Trust's separate financial report, a district is required to provide only limited disclosures with respect to the Trust in the district's financial statements.

The Trust has prepared the attached sample disclosure note to illustrate what districts may be required to report. This note is based on Illustration 4 in Appendix D to GASB 45. The Trust is providing this note as a convenience for districts to provide to their auditors. The note is only a sample and may not be appropriate for all districts. For example, if your district pays some or all of the premiums for medical coverage for any retiree, you will need to modify the note.

Districts will also have separate OPEB reporting obligations with respect to their contributions to TRS for retiree health coverage. Each district and its auditor are responsible for determining what must be included in the district's financial statements.

If you have questions about your GASB reporting requirements, please contact your auditor.

## SAMPLE GASB 45 NOTE DISCLOSURE

### Contributions Paid to the Egyptian Area Schools Employee Benefit Trust for Fiscal Year Ending June 30, 2009

Note \_\_. Egyptian Area Schools Employee Benefit Trust.

**Plan Description.** The District contributes to the Egyptian Area Schools Employee Benefit Trust (the “Trust”), a cost-sharing multiple-employer defined benefit health care plan administered by the Board of Managers of the Trust. The Trust provides medical benefits to active and retired employees of approximately 160 participating employers. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. A copy of the report may be obtained by writing to the Egyptian Area Schools Employee Benefit Trust, c/o Meritain Health, 13 Executive Drive, Suite 19, Fairview Heights, IL 62208, or by calling Meritain Health at (866) 588-2431, Option 3 x 6105. The report is also posted on the Trust’s website at [www.egtrust.org](http://www.egtrust.org).

**Funding Policy.** The Trust Agreement establishing the Trust provides that contribution rates are established and may be modified by the Board of Managers of the Trust. Contribution rates are normally adjusted as of September 1 each year. As of June 30, 2009, participating employers were contractually required to contribute at the following rates for active and retired employees and dependents.

	Platinum Plan	Gold Plan	Silver Plan	Bronze Plan
Employee (Retiree)	\$456	\$411	\$355	\$302
Employee + spouse	\$941	\$848	\$736	\$623
Employee + child(ren)	\$909	\$819	\$711	\$612
Family	\$1,014	\$912	\$792	\$672

Participating employers may require employees and/or retirees to pay some or all of the required contributions to the employer, but the employer has the legal obligation to pay contributions to the Trust. **The District requires retirees to pay 100% of the contribution for coverage for retirees and their dependents. [Modify this sentence if the District pays some or all of the cost for retirees.]**

The Board of Managers of the Trust sets the employer contribution rates each year based on an actuarial valuation. The Trust’s actuary has determined that as of June 30, 2008 the Trust had no Unfunded Actuarial Accrued Liability for Other Post Employment Benefits (OPEB) and is not expected to have an Unfunded Actuarial Accrued Liability as of June 30, 2009. The actuary has further determined that current contribution rates exceed the Annual Required Contribution (ARC) determined in accordance with the parameters of GASB Statement 45. The District’s contributions to the Trust for the years ending June 30, 2009, June 30, 2008 and June 30, 2007, were \$\_\_\_\_\_, \$\_\_\_\_\_ and \$\_\_\_\_\_, respectively, which equaled the contractually required contributions each year.