

[Employer]
Notes to Basic Financial Statements
June 30, 2018

NOTE __ – OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description

The [Employer] participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

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Covered Employees

The [Employer] has the following employees covered by the Plan as of June 30, 2018:

Inactive employees or beneficiaries currently receiving benefit payments	
Active employees	
Total	

Total OPEB Liability

The [Employer's] total OPEB liability of \$_____ reported as of June 30, 2018 was measured as of June 30, 2017 (the measurement date), and was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017, using the following actuarial assumptions:

Price inflation	
Wage inflation	
Salary increases, including wage increases	
Discount rate (based on the 20 year municipal bond rate with an average rating of AA/Aa or better, obtained from the _____ index.)	

Mortality rates used for the death benefits were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using Scale AA. Mortality rates used for the disability benefits were based on the RP-2000 Disabled Life Table with generational mortality improvement using Scale AA.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, ____.

Changes in Total OPEB Liability

Balance at June 30, 2017	\$
Changes for the year:	
Service cost	
Interest	
Changes in benefit terms	
Differences between actual and expected experience	
Changes in assumptions or other inputs	
Benefit payments	
Net changes	
Balance at June 30, 2018	\$

Sensitivity Analysis

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The following presents the [Employer's] total OPEB liability calculated using the discount rate of 3.73%, as well as what the [Employer's] total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.73%) or 1-percentage point higher (4.73%) than the current rate:

1% Decrease (2.73%)	Discount rate (3.73%)	1% Increase (4.73%)

OPEB Expense

For the year ended June 30, 2018, the [Employer] recognized OPEB expense of \$_____, which includes the changes in the total OPEB liability, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the [Employer] reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Benefit payments subsequent to the measurement date	-	-
Total		

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$_____ consist of payments made to KPERS for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$
2020	
2021	
2022	
2023	
Thereafter	-

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