



Agenda Date: 10/6/2021
Agenda Placement: 7C

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors

FROM: Timothy Healy - General Manager
NS-Administration

REPORT BY: Cyndi Bolden, Senior Accountant - 258-6001

SUBJECT: Approve Budget Amendment for FY 2020/21 for Pension and Other Post Employment Benefits (OPEB) Expenses

RECOMMENDATION

Adopt the accompanying budget amendment resolution in the amount of \$300,000 authorizing staff to post the FY 2020/21 Pension and Other Post Employment Benefits (OPEB) expenses.

EXECUTIVE SUMMARY

As part of the yearend process, NapaSan must recognize and record pension and other post employment benefits (OPEB) financial activities in the General Ledger so that they are reported in the Audited Financial Statements. To record these expenses, it is necessary to increase the appropriations budget for FY 2020/21. Similar to the depreciation expense, NapaSan waits until after the fiscal year is complete to make this adjustment for two reasons. First, the number is not known until the end of the year. Second, having a large budget number for this expense reported during fiscal year would make it appear that NapaSan is significantly underspending its appropriation, and miscommunicating to the Board and the public the real budget vs. actual performance of NapaSan.

The pension and OPEB expenses for FY 2020/21 are expected to be about \$500,000. However, there are salary savings to be able to cover some of the expenses. This budget amendment for \$300,000 will allow staff to process the journal entries to post the FY 2020/21 pension and OPEB expenses. The adjustments are noncash adjustments; therefore, there is no fiscal impact.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?

No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Governmental Accounting Standards Board (GASB) Statement 68 was established to measure and recognize liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditure related to pension benefits provided to employees by their employers. It requires employers to report these on their annual financial reports. It became effective in FY 2014/2015.

GASB 75 became effective in FY 2017/18. It established a standard to measure and recognize liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditure related to post employment benefits other than pension (other post employment benefits or OPEB). These activities must also be report in the annual financial reports.

SUPPORTING DOCUMENTS

A . Resolution

Napa Sanitation District: Approve

Reviewed By: Timothy Healy