

Legislation Details (With Text)

File #:	18-563	Name:	
Type:	Report	Status:	Consent Item Ready
File created:	9/14/2018	In control:	City Council
On agenda:	9/24/2018	Final action:	
Title:	Approval of a recommendation from the New Braunfels Utilities Board of Trustees to use Governmental Accounting Standards Board Statement 62 to defer a one-time pension expense that was incurred due to the Texas Municipal Retirement Plan benefit plan change.		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Resolution-GASB 62-TMRS		

Date	Ver.	Action By	Action	Result
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Presenter/Contact
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SUBJECT:

Approval of a recommendation from the New Braunfels Utilities Board of Trustees to use Governmental Accounting Standards Board Statement 62 to defer a one-time pension expense that was incurred due to the Texas Municipal Retirement Plan benefit plan change.

BACKGROUND / RATIONALE:

GASB Statement 62 is a governmental accounting standard that applies to regulated municipal utilities that allows them to defer costs until the revenue is captured through rates (GASB 62). GASB 62 requires the municipal utility to receive approval to use GASB 62 from its rate setting authority.

The Board of Trustees of New Braunfels Utilities approved a change in the Texas Municipal Retirement Plan (TMRS) plan match from 1.5:1 to 2:1 on August 31, 2017. NBU recently received the TMRS Employer Reporting Package for GASB 62, which includes an actuarial valuation of NBU's participation in the pension plan. Included in the report was a one-time charge of \$6,881,135, which was included in pension expense. The charge was due to the change in the TMRS benefit plan match and brought all active employees and inactive vested employees to the 2:1 match level. As this is a one-time charge, NBU recommends using GASB 62 to recognize the expense over 5 years. NBU would expense \$1,376,227 each year beginning in fiscal year 2018 and ending in fiscal year 2022.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

N/A

FISCAL IMPACT:

Additional Exp. Due to Changes in TMRSA	\$ 6,881,135
Amortization Period	5 years
FY 2018	\$ 1,376,227
FY 2019	1,376,227
FY 2020	1,376,227
FY 2021	1,376,227
FY 2022	1,376,227
Total Deferral	\$ 6,881,135

COMMITTEE RECOMMENDATION:

The NBU Board of Trustees approved their resolution on August 30, 2018.

STAFF RECOMMENDATION:

N/A