

COMMUNITY REDEVELOPMENT AGENCY STAND-ALONE FINANCIAL STATEMENTS GUIDANCE ON POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

BACKGROUND

Chapter 2019-163, Laws of Florida, amended Section 163.387(8), Florida Statutes, to require that each community redevelopment agency (CRA) meeting the specified \$100,000 threshold provide for a separate audit and that the resultant audit report accompany the county or municipality annual financial report filed with the Department of Financial Services (see Sections 163.387(8)(c) and 218.32(3)(b), Florida Statutes). In addition, Chapter 2021-116, Laws of Florida, amended Section 218.39(1)(h), Florida Statutes, to require the separate audit to be filed with the Auditor General.

The CRA audit is to be separate from the audit of the county or municipality that created the CRA, which include within their reporting entities the CRA as a component unit, and the separate CRA audit report must include the financial statements required by Section 163.387(8)(b)2., Florida Statutes. Accordingly, the CRA must prepare stand-alone financial statements. In accordance with Auditor General Rule 10.557(3), the CRA audit report must include basic financial statements, notes to the financial statements, and management's discussion and analysis and other required supplementary information.

OPEB REPORTING SCENARIOS

Governmental Accounting Standards Board Statement 75 (GASB 75) provide guidance regarding accounting and financial reporting for postemployment benefits other than pensions (OPEB) activity. How that activity is to be accounted for and reported depends on the circumstances. To best provide guidance addressing the applicable reporting requirements, we developed various potential scenarios, each representing a different set of circumstances. For each scenario, we provide our understanding as to how the OPEB activity should be reported based on our interpretation of GASB 75 as confirmed with GASB staff.

All scenarios involve a primary government and a component unit, for which all employees of either or both are covered by the same OPEB plan. For purposes of these scenarios, the primary government will be a State of Florida municipality and the component unit will be a State of Florida CRA created pursuant to Chapter 163, Part III, Florida Statutes. The same guidance would apply if a county, rather than a municipality, created the CRA.

Scenario 1 addresses circumstances where the CRA has its own employees that administer and perform CRA functions and duties. Scenarios 2 through 5 address circumstances where the CRA has no employees; instead, municipal employees administer and perform CRA functions and duties.

This guidance is intended to serve as a resource for CRAs and auditors engaged to perform CRA audits pursuant to Section 163.387(8), Florida Statutes, and is not an authoritative professional reference source. CRAs and auditors should apply the scenarios based on professional judgment and may want to consider making a formal inquiry of GASB staff regarding application of GASB 75 OPEB reporting requirements for the specific circumstances applicable to the CRA.

KEY QUESTIONS TO CONSIDER IN DETERMINING WHICH SCENARIO APPLIES:

1. Are the employees that perform CRA duties and functions employees of the municipality or employees of the CRA?

COMMUNITY REDEVELOPMENT AGENCY STAND-ALONE FINANCIAL STATEMENTS GUIDANCE ON POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

2. Is the CRA a non-employer contributing entity, meaning that the CRA contributes to the municipality's OPEB plan for the purpose of helping fund that plan for the municipal employees? (GASB 75, paragraph 246, Glossary; *GASB Codification Section P50.538*)
3. If the CRA is a non-employer contributing entity, is there is a legal requirement for the CRA to directly contribute to the municipality's OPEB plan? (GASB 75, paragraph 18; *GASB Codification Sections P50.115 or P51.105*)
4. If there is a legal requirement for the CRA to directly contribute to the municipality's OPEB plan (i.e., in the role of a non-employer contributing entity), does the legal requirement result in a Special Funding Situation as defined in GASB 75, paragraph 18 (*GASB Codification Sections P50.115 or P51.105*)? A Special Funding Situation would exist when there is a legal requirement for the CRA to directly contribute to the municipality's OPEB plan for the benefit of the municipal employees and either (a) the amount of such contributions are not based on (dependent on) events or circumstances unrelated to the OPEB or (b) the CRA is the only entity with a legal obligation to make contributions directly to the OPEB plan.

OPEB – DEFINED BENEFIT PLANS

For purposes of the scenarios, the defined benefit OPEB plan will be a single-employer plan (although it could also be an agent OPEB plan or cost-sharing multiple-employer plan).

Scenario #1: A municipality creates a CRA pursuant to Florida Statutes. The CRA activities and functions are administered and performed by employees hired by and working for the municipality. The CRA has no employees. The municipality employees performing CRA activities and functions participate in the municipality's defined benefit OPEB plan. The CRA is not required to directly contribute any funds to the municipality's OPEB plan for these employees, and the CRA does not make such contributions. The CRA reimburses the municipality for the portion of the salaries and benefits paid to the municipality's employees for their time spent on CRA activities and functions.

OPEB Reporting: Under this scenario, the CRA is not a non-employer contributing entity and there is no Special Funding Situation because, although part of the municipality's salaries and benefits costs for which it is being reimbursed include contributions to the OPEB plan, this does not constitute a direct contribution to the OPEB plan by the CRA. Accordingly, the CRA will not report OPEB liabilities and expenses, deferred outflows and inflows, etc., in its stand-alone financial statements. All OPEB liabilities and expenses, deferred outflows and inflows, etc., will be reported only in the municipality's financial statements.

Scenario #2: A municipality creates a CRA pursuant to Florida Statutes. The CRA activities and functions are administered and performed by employees hired by and working for the CRA, as allowed by Section 163.356(3)(c), Florida Statutes. Those employees are not also employees of the municipality. Pursuant to an interlocal agreement, other contractual agreement, or other legal requirement, the CRA employees participate in the defined benefit OPEB plan created by the municipality for its employees. The CRA contributes to the municipality's defined benefit OPEB plan for the CRA employees and makes no other contributions to the OPEB plan.

OPEB Reporting: Under this scenario, based on GASB 75, paragraph 24 (*GASB Codification Section P50.120*), the CRA should report in its stand-alone financial statements its participation in the defined benefit OPEB plan as if it was a cost-sharing employer (i.e., the municipality and the CRA would each

COMMUNITY REDEVELOPMENT AGENCY STAND-ALONE FINANCIAL STATEMENTS GUIDANCE ON POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

be treated as if they were separate employers participating in the same defined benefit OPEB plan for financial statement purposes). The CRA will report pension liabilities and expenses, deferred outflows and inflows, etc., in its stand-alone financial statements, notes to the financial statements, and required supplementary information in accordance with GASB 75, paragraphs 59-98 (*GASB Codification Sections P50.156-.198*).

Under this scenario, the CRA is not considered a “non-employer contributing entity” as it is not contributing, legally or otherwise, to the OPEB of the municipality employees, it is only contributing to the OPEB for the CRA employees. As the CRA is not a non-employer contributing entity, there is no Special Funding Situation.

Scenario #3: A municipality creates a CRA pursuant to Florida Statutes. The CRA activities and functions are administered and performed by employees hired by and working for the municipality. The CRA has no employees. The municipality employees performing CRA activities and functions participate in the municipality’s defined benefit OPEB plan. The CRA is not required to directly contribute any funds to the municipality’s OPEB plan for these employees, and the CRA does not make such contributions.

OPEB Reporting: Under this scenario, the CRA is not a non-employer contributing entity and there is no Special Funding Situation. Accordingly, the CRA will not report OPEB liabilities and expenses, deferred outflows and inflows, etc., in its stand-alone financial statements. All OPEB liabilities and expenses, deferred outflows and inflows, etc., will be reported only in the municipality’s financial statements.

Scenario #4: A municipality creates a CRA pursuant to Florida Statutes. The CRA activities and functions are administered and performed by employees hired by and working for the municipality. The CRA has no employees. The municipality employees performing CRA activities and functions participate in the municipality’s defined benefit OPEB plan. The CRA is required to directly contribute funds to the municipality’s OPEB plan for these employees, and the CRA makes such contributions.

OPEB Reporting: Under this scenario, the CRA meets the definition of a non-employer contributing entity. Additionally, there is a Special Funding Situation. Accordingly, the CRA will report its proportionate shares of OPEB liabilities and expenses, deferred outflows and inflows, etc., in its stand-alone financial statements, notes to the financial statements, and required supplementary information in accordance with GASB 75, paragraphs 19, 21-26, 99-137, 140-145, and 172-221 (*GASB Codification Sections P50.116, 117-.122, .199-.241, and .247-.249*).

Scenario #5: A municipality creates a CRA pursuant to Florida Statutes. The CRA activities and functions are administered and performed by employees hired by and working for the municipality. The CRA has no employees. The municipality employees performing CRA activities and functions participate in the municipality’s defined benefit OPEB plan. The CRA is required to directly contribute funds to the municipality’s OPEB plan annually based on a specified percentage of the CRA’s annual revenues, and the CRA makes such contributions. The CRA is not the only entity with a legal obligation to make contributions directly to the municipality’s OPEB plan.

OPEB Reporting: Under this scenario, the CRA meets the definition of a non-employer contributing entity. Additionally, while the CRA is required to directly contribute to the municipality’s defined benefit OPEB plan, there is no Special Funding Situation as the contributions do not meet the criteria

COMMUNITY REDEVELOPMENT AGENCY STAND-ALONE FINANCIAL STATEMENTS GUIDANCE ON POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

established in GASB 75, paragraph 18 (*GASB Codification Section P50.115*) (i.e., amounts contributed are unrelated to OPEB). Accordingly, the CRA will report and disclose expenses and liabilities related to the required contributions in accordance with GASB 75, paragraphs 138, 139, 222, and 223. (*GASB Codification Sections P50.116, .242 and .243*)

OPEB – DEFINED CONTRIBUTION PLANS

For purposes of the scenarios, the defined contribution OPEB plan will be a single-employer plan (although it could also be an agent OPEB or cost-sharing multiple-employer plan).

Scenario #1: A municipality creates a CRA pursuant to Florida Statutes. The CRA activities and functions are administered and performed by employees hired by and working for the municipality. The CRA has no employees. The municipality employees performing CRA activities and functions participate in the municipality’s defined contribution OPEB plan. The CRA is not required to directly contribute any funds to the municipality’s OPEB plan for these employees, and the CRA does not make such contributions. The CRA reimburses the municipality for the portion of the salaries and benefits paid to the municipality’s employees for their time spent on CRA activities and functions.

OPEB Reporting: Under this scenario, the CRA is not a non-employer contributing entity and there is no Special Funding Situation because, although part of the municipality’s salaries and benefits costs for which it is being reimbursed include contributions to the OPEB plan, this does not constitute a direct contribution to the OPEB plan by the CRA. Accordingly, the CRA will not report OPEB liabilities and expenses in its stand-alone financial statements. All OPEB liabilities and expenses will be reported only in the municipality’s financial statements.

Scenario #2: A municipality creates a CRA pursuant to Florida Statute. The CRA activities and functions are administered and performed by employees hired by and working for the CRA, as allowed by Section 163.356(3)(c), Florida Statutes. Those employees are not also employees of the municipality. Pursuant to an interlocal agreement, other contractual agreement, or other legal requirement, the CRA employees participate in the defined contribution OPEB plan created by the municipality for its employees. The CRA contributes to the municipality’s defined contribution OPEB plan for the CRA employees and makes no other contributions to the OPEB plan.

OPEB Reporting: Under this scenario, the CRA should report in its stand-alone financial statements its participation in the defined contribution OPEB plan as if it was a separate employer (i.e., the municipality and the CRA would each be treated as if they were separate employers participating in the same defined contribution OPEB plan for financial statement purposes). The CRA will report pension liabilities and expenses, deferred outflows and inflows, etc., in its stand-alone financial statements, and notes thereto, in accordance with GASB 75, paragraphs 230-233 (*GASB Codification Sections P51.107-.110*).

Under this scenario, the CRA is not considered a “non-employer contributing entity” as it is not contributing, legally or otherwise, to the OPEB of the municipality employees, it is only contributing to the OPEB for the CRA employees. As the CRA is not a non-employer contributing entity, there is no Special Funding Situation.

Scenario #3: A municipality creates a CRA pursuant to Florida Statutes. The CRA activities and functions are administered and performed by employees hired by and working for the municipality. The CRA has no employees. The municipality employees performing CRA activities and functions

COMMUNITY REDEVELOPMENT AGENCY STAND-ALONE FINANCIAL STATEMENTS GUIDANCE ON POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

participate in the municipality's defined contribution OPEB plan. The CRA is not required to directly contribute any funds to the municipality's OPEB plan for these employees, and the CRA does not make such contributions.

OPEB Reporting: Under this scenario, the CRA is not a non-employer contributing entity and there is no Special Funding Situation. Accordingly, the CRA will not report OPEB liabilities and expenses in its stand-alone financial statements. All OPEB liabilities and expenses will be reported only in the municipality's financial statements.

Scenario #4: A municipality creates a CRA pursuant to Florida Statutes. The CRA activities and functions are administered and performed by employees hired by and working for the municipality. The CRA has no employees. The municipality employees performing CRA activities and functions participate in the municipality's defined contribution OPEB plan. The CRA is required to directly contribute funds to the municipality's OPEB plan for these employees, and the CRA makes such contributions.

OPEB Reporting: Under this scenario, the CRA meets the definition of a non-employer contributing entity. Additionally, there is a Special Funding Situation. Accordingly, the CRA will report its proportionate shares of OPEB liabilities and expenses in its stand-alone financial statements, and notes thereto, in accordance with GASB 75, paragraphs 234-240 (*GASB Codification Sections P51.111-.118*).

Scenario #5: A municipality creates a CRA pursuant to Florida Statutes. The CRA activities and functions are administered and performed by employees hired by and working for the municipality. The CRA has no employees. The municipality employees performing CRA activities and functions participate in the municipality's defined contribution OPEB plan. The CRA is required to directly contribute funds to the municipality's OPEB plan annually based on a specified percentage of the CRA's annual revenues, and the CRA makes such contributions. The CRA is not the only entity with a legal obligation to make contributions directly to the municipality's OPEB plan.

OPEB Reporting: Under this scenario, the CRA meets the definition of a non-employer contributing entity. Additionally, while the CRA is required to directly contribute to the municipality's defined contribution OPEB plan, there is no Special Funding Situation as the contributions do not meet the criteria established in GASB 75, paragraph 18 (*GASB Codification Section P51.105*) (i.e., amounts contributed are unrelated to OPEB). Accordingly, the CRA will report and disclose expenses and liabilities related to the required contributions in accordance with GASB 75, paragraphs 241 and 242. (*GASB Codification Sections P51.119-.120*)