



LINCOLN PUBLIC SCHOOLS

MARY ELLEN NORMEN
ADMINISTRATOR FOR BUSINESS AND FINANCE

To: School Committee
Becky McFall, Superintendent

From: Mary Ellen Normen, Administrator for Business and Finance

Date: June 10, 2022

Subject: GASB 45 obligation – Hanscom budget

The Governmental Accounting Standards Board (GASB 45) requires the Town to consider the long-term liability created by retiree benefits, primarily health insurance benefits, which they refer to as “Other Post-Employment Benefits” (OPEB). The Town has taken several measures to reduce the GASB 45 liability, including adopting Section 18 and advance funding through contributions.

Over the past thirteen years, the School Committee made the following contributions to the Group Liability Insurance Fund to offset the Hanscom liability. Given the current budget and Reserve Fund status, I recommend that the School Committee VOTE to approve a transfer of \$400,000 from the Hanscom Health Insurance Reserve Fund to the Town’s Group Liability Insurance Fund. This would increase the funded portion of the Hanscom liability to 52.17%.

Background:

In 2008, the Lincoln Town Meeting authorized the establishment of the Group Insurance Liability Fund to receive amounts intended to meet current and future OPEB, divided almost evenly between Town employees, Lincoln School employees and Hanscom Schools employees. To determine the GASB 45 liability, the Town commissions an actuarial study periodically, as the retiree population and funding contributions change. The 2009 study determined that the total Town liability decreased from \$60M to \$49.4M, and that Hanscom’s portion was approximately \$15M, or 30.4%. The most recent study shows the Town liability to be \$33.2M, with the Hanscom portion at 29.2%, or \$9.692M. To-date, the School Committee has funded 46.62%% of the current Hanscom liability.

GASB 45 Contributions

FY2009	400,000.00
FY2010	200,000.00
FY2011	200,000.00
FY2012	400,000.00
FY2013	400,000.00
FY2014	150,000.00
FY2015	100,000.00
FY2016	100,000.00
FY2017	100,000.00
FY2018	300,000.00
FY2019	-
FY2020	200,000.00
FY2021	400,000.00
*FY2022	400,000.00
TOTAL	3,350,000.00