



# LINCOLN PUBLIC SCHOOLS

BUCKNER M. CREEL  
ADMINISTRATOR FOR BUSINESS AND FINANCE

June 14, 2019

To: School Committee  
Becky McFall  
From: Buckner Creel

Subject: GASB 45 obligation – Hanscom budget

**Background.** 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). 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. At the time of the Fund establishment, the total Lincoln OPEB liability was estimated to be \$60 million, divided almost evenly between Town employees, Lincoln School employees and Hanscom Schools employees.

Over the past ten years, the School Committee made the following contributions to the Group Liability Insurance Fund to offset the Hanscom liability:

<b>GASB 45 Contributions</b>	
July 2009	400,000
July 2010	200,000
June 2011	200,000
June 2012	400,000
October 2013	400,000
June 2014	150,000
June 2015	100,000
June 2016	100,000
June 2017	100,000
June 2018	300,000
<b>total</b>	<b>2,350,000</b>

The Town has taken several measures to reduce the GASB 45 liability, including adopting Section 18 and advance funding through contributions. 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 2012, 2015 and 2018 studies show a series of further decreases in total Town liability. The most recent study, in 2018, shows a decrease in the Town liability to \$21.4M, with the Hanscom portion reduced to 23.3%, or \$4.995M. To-date, the School Committee has funded 62.01% of the current Hanscom liability.

**Recommendation.** Given the current budget and Reserve Fund status, I recommend that the School Committee VOTE to approve a transfer of \$200,000 from the Hanscom Health Insurance Reserve Fund to the Town’s Group Liability Insurance Fund.