Aspen Academy
Charter School No. 4184
Savage, Minnesota

Communications Letter

June 30, 2017

bergan KDV
CPAS | ADVISORS

Aspen Academy
Charter School No. 4184
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Report on Matters Identified as a Result of the Audit of the Financial Statements

To the Members of the Board and Management
Aspen Academy
Savage, Minnesota

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Aspen Academy, Savage, Minnesota, as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated November 13, 2017 on such statements.

BerganKDV, Ltd.
bergankdv.com

This communication is intended solely for the information and use of management, the School Board, and others within the Academy and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Bergan KDV Ltd.

Minneapolis, Minnesota
November 13, 2017

Aspen Academy
Charter School No. 4184
Required Communication

We have audited the basic financial statements of the governmental activities and each major fund of Aspen Academy for the year ended June 30, 2017, and have issued our report dated November 13, 2017. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Academy. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Academy's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

PLANNED SCOPE AND TIMING OF THE AUDIT

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

PLANNED SCOPE AND TIMING OF THE AUDIT (CONTINUED)

Our audit included obtaining an understanding of the academy and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the academy or to acts by management or employees acting on behalf of the Academy.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Academy are described in notes to financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper financial statements in the period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Depreciation – The Academy is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.
>
> General Education and Special Education Aid – General Education Aid is an estimate until average daily membership (ADM) values are final. Since this is normally not done until after the reporting deadline, this Aid is an estimate. Special Education Aid is dependent on the availability of funds and complex formulas that are finalized after reporting deadlines.
>
> Net Pension Liability, Deferred Outflows of Resources Related to Pension Activity, and Deferred Inflows of Resources related to Pension Activity – These balances are based on an allocation by the pension plans using estimates based on contributions.

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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Required Communication

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We identified an uncorrected misstatement of the financial statements related to state aids. Management has determined their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We requested certain representations from management that are included in the management representation letter.

MANAGEMENT CONSULTATIONS WITH OTHER ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

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OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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Financial Analysis

The following pages provide graphic representation of select data pertaining to the financial position and operations of the Academy for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance. We suggest you view each graph and document if our analysis is consistent with yours.

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS

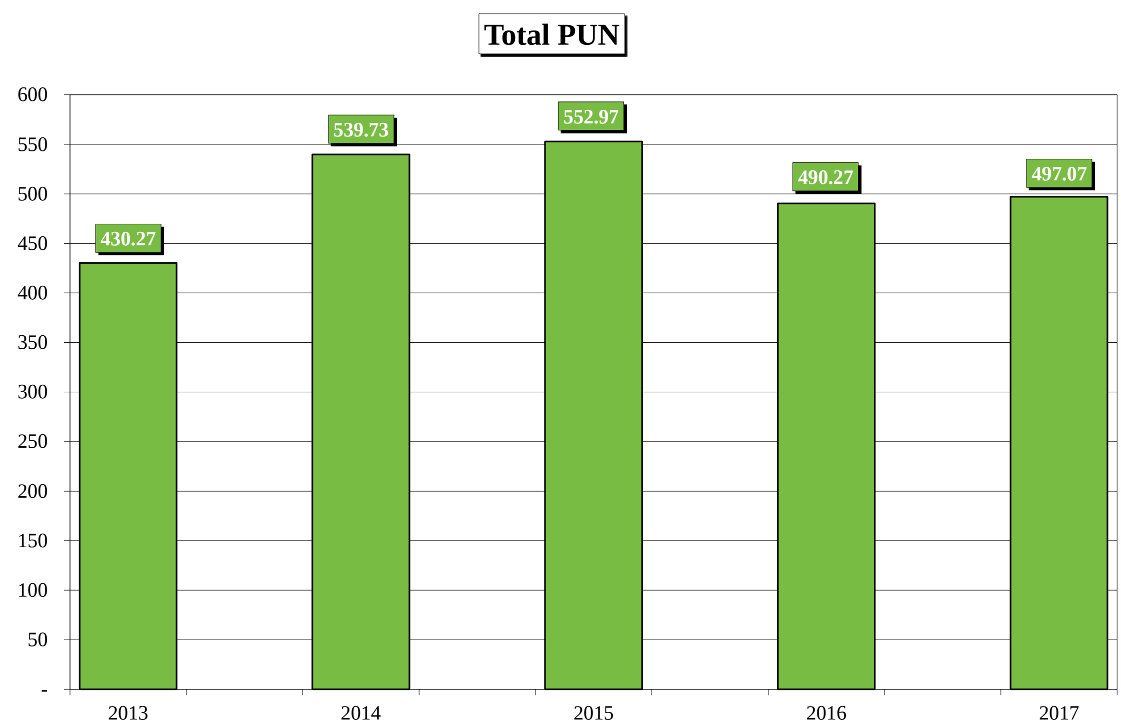
For 2017, total ADM served increased by 8.91 ADM. The following summarizes ADM served for the Academy over the past five years ended June 30:

	2013	2014	2015	2016	2017
Total ADM served	417.32	510.57	539.34	479.63	488.54

To calculate a majority of the Academy's education aids, the ADM amounts were converted into pupil units by weighting, based on the student's grade level. The weighting factor for students are presented in the table below.

	Pupil Units Weighting					
				Elementary		
	Pre-Kindergarten and Disabled	Part-Time Kindergarten	All-Day Kindgergarten	Grade 1-3	Grade 4-6	Secondary
2013-2014	1.250	0.612	0.612	1.115	1.060	1.300
2015-2017	1.000	0.550	1.000	1.000	1.000	1.200

The pupil unit weighting (PUN) served graph above converts the ADM served into weighted or adjusted pupil unit data for the past five years, taking into consideration the above weighting factors.



Aspen Academy
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Financial Analysis

GENERAL FUND OPERATIONS

The table below outlines the Academy's original and final budget and actual results for the General Fund. The Academy's original budget anticipated revenues would exceed expenditures by $148,822. This budget was amended during the year to reflect actual student count and grant activity. The Academy's revenues were 0.1% over this final budget and expenditures ended 1.8% over budget. Actual activity for the year resulted in a decrease in fund balance of $114,644.

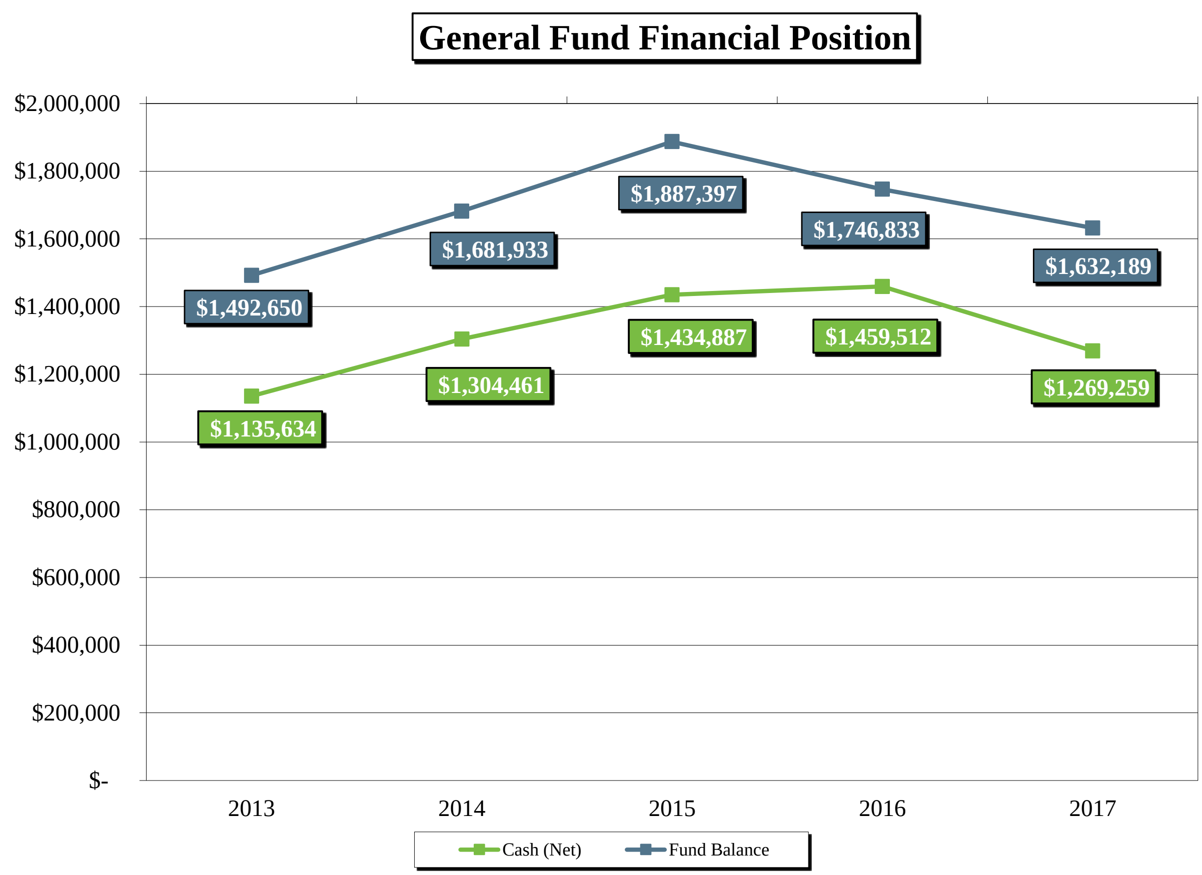
	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
Revenues				
Other Local Revenues	$ 156,724	$ 146,718	$ 153,525	$ 6,807
Revenue from State Sources	4,768,420	4,731,385	4,765,102	33,717
Revenue from Federal Sources	85,000	112,130	76,542	(35,588)
Total Revenues	5,010,144	4,990,233	4,995,169	4,936
Expenditures				
Administration	351,812	361,851	367,851	6,000
District Support Services	451,215	441,125	436,269	(4,856)
Regular Instruction	1,962,370	2,007,441	2,064,307	56,866
Special Education Instruction	588,352	702,366	714,587	12,221
Instructional Support Services	126,311	126,311	140,768	14,457
Pupil Support Services	263,768	271,566	289,112	17,546
Sites and Buildings	1,098,821	1,091,074	1,083,547	(7,527)
Fiscal and Other Fixed Cost Programs	18,673	18,673	13,372	(5,301)
Total Expenditures	4,861,322	5,020,407	5,109,813	89,406
Excess of Revenues Over Expenditures	$ 148,822	$ (30,174)	$ (114,644)	$ (84,470)

GENERAL FUND OPERATIONS (CONTINUED)

The following table presents five years of comparative operating results for the Academy's General Fund.

For the Year Ended June 30,	2013	2014	2015	2016	2017
Revenues	$ 3,308,409	$ 4,207,565	$ 4,816,660	$ 4,797,729	$ 4,995,169
Expenditures	3,014,434	4,018,282	4,609,445	4,938,293	5,109,813
Excess of revenues over (under) expenditures	293,975	189,283	207,215	(140,564)	(114,644)
Less transfers out	(6,076)	-	(1,751)	-	-
Fund balance, July 1	914,327	1,492,650	1,681,933	1,887,397	1,746,833
Fund Balance, June 30	**$ 1,492,650**	**$ 1,681,933**	**$ 1,887,397**	**$ 1,746,833**	**$ 1,632,189**

For the year ended June 30, 2017, total revenues increased by $197,440. At the same time, total expenditures increased by $171,520. The Academy's General Fund expenditures exceeded revenues by $114,644. Revenues increased due to the increase in enrollment along with an increase in aid received for Special Education. Expenditures increased primarily as a result of the increasing costs in Special Education.



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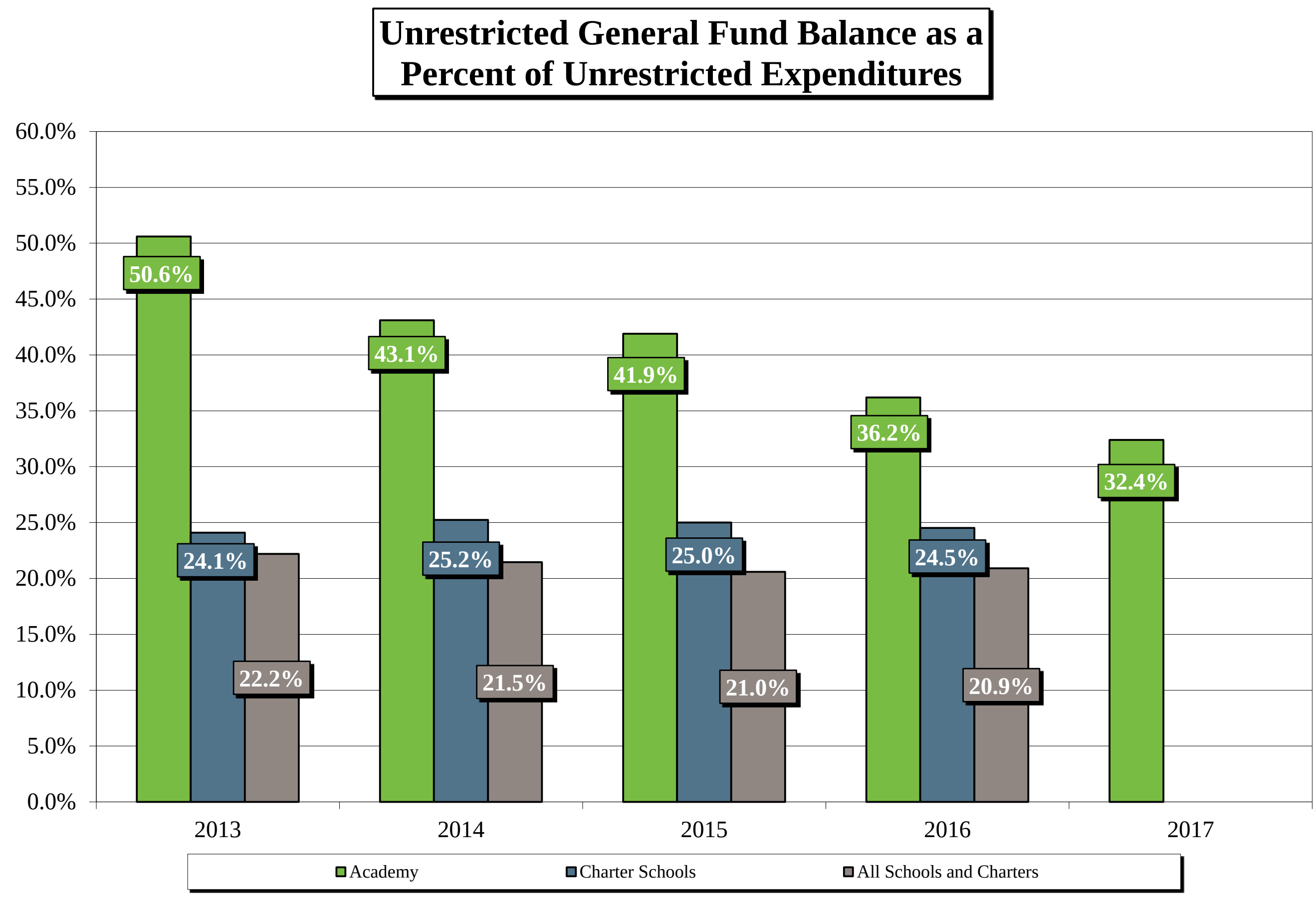
Financial Analysis

GENERAL FUND EXPENDITURES

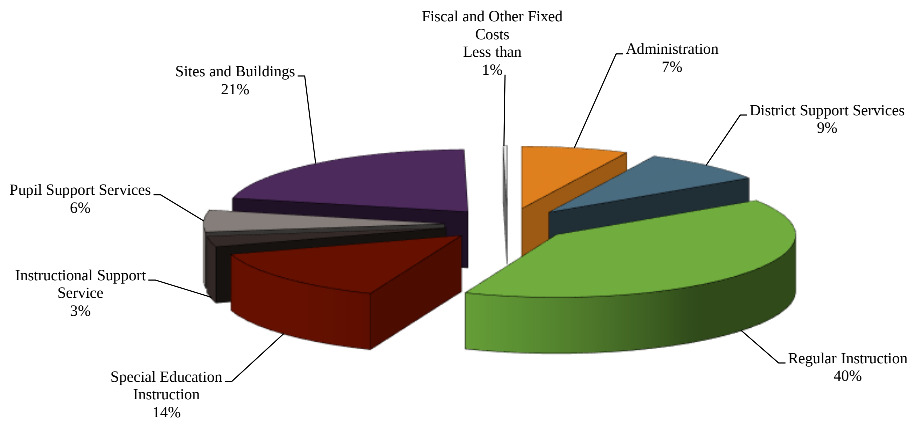
The following chart provides total fund balance as a percentage of expenditures for the Academy, all charter schools, and school districts.



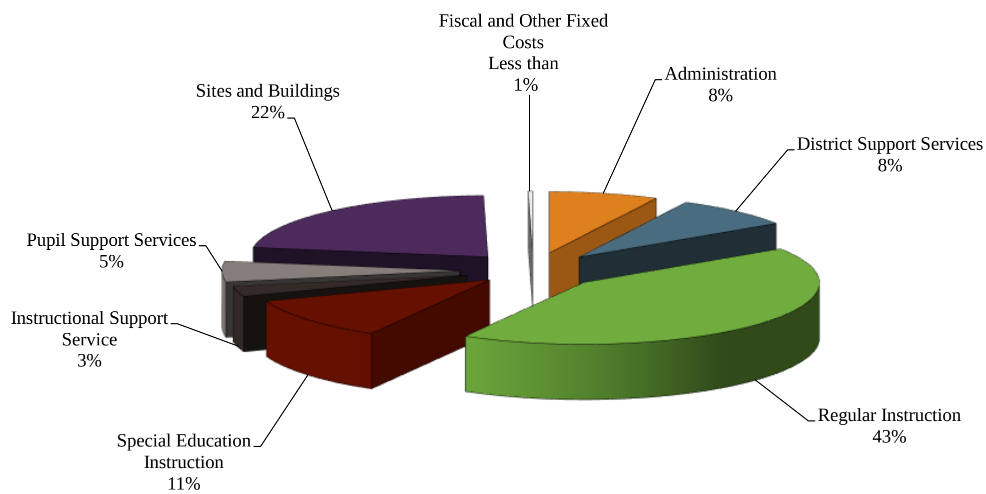
GENERAL FUND EXPENDITURES (CONTINUED)

The following pie charts illustrate the breakdown of the General Fund expenditures for the past two years. As shown below, the amount spent on each program has fluctuated just slightly.

2017 General Fund Expenditures $5,109,813

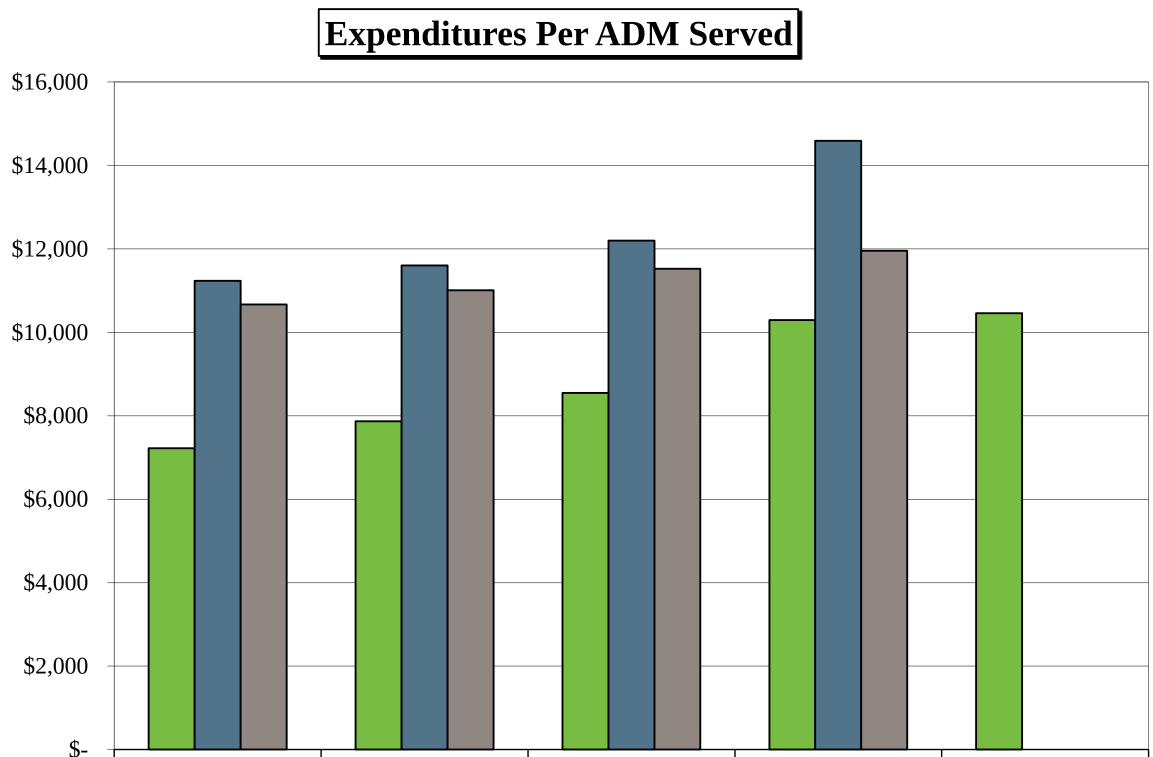


2016 General Fund Expenditures $4,938,293



GENERAL FUND EXPENDITURES (CONTINUED)

Below is a chart showing the Academy's expenditures per ADM served. This calculation is a benchmark the Academy can use to compare itself to other schools and districts. The Academy's expenditures per ADM served remains significantly below the state charter school and total school average, as the school receives limited amounts of compensatory aid and special education aid based on the demographics of the students served.



	2013*	2014*	2015*	2016*	2017**
Aspen Academy	$7,223	$7,870	$8,546	$10,296	$10,459
Charter Schools	11,235	11,602	12,200	14,593	-
All School Districts	10,666	11,011	11,527	11,956	-

* Amounts listed for 2013-2016 were obtained from the Minnesota Department of Education (MDE) publication, *School District Profiles*, *Expenditures per ADM Served plus Tuition Out.*

** Estimate

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Financial Analysis

FOOD SERVICE OPERATIONS

The following table presents five years of comparative operating results for the Academy's Food Service Fund.

For the Year Ended June 30,	2013	2014	2015	2016	2017
Revenues	$ 108,763	$ 112,630	$ 118,945	$ 121,900	$ 125,393
Expenditures	114,839	110,742	122,584	120,386	125,332
Excess of revenues over (under) expenditures	(6,076)	1,888	(3,639)	1,514	61
Add transfers in	6,076	-	1,751	-	-
Fund balance, July 1	-	-	1,888	-	1,514
Fund Balance, June 30	**$ -**	**$ 1,888**	**$ -**	**$ 1,514**	**$ 1,575**

Revenues exceeded expenditures in the Food Service Fund in three of the five years presented. Revenues and expenditures increased slightly due to an increase in food sales and food purchased as a result of increasing enrollment and a change in the free and reduced lunch percentage.

COMMUNITY SERVICE OPERATIONS

The following table presents five years of comparative operating results for the Academy's Community Service Fund.

For the Year Ended June 30,	2013	2014	2015	2016	2017
Revenues	$ 154,051	$ 162,498	$ 67,219	$ 57,237	$ 45,200
Expenditures	192,442	140,266	36,504	27,653	20,624
Excess of revenues over (under) expenditures	(38,391)	22,232	30,715	29,584	24,576
Fund balance, July 1	41,333	2,942	25,174	55,889	85,473
Fund Balance, June 30	**$ 2,942**	**$ 25,174**	**$ 55,889**	**$ 85,473**	**$ 110,049**

Revenues decreased $12,037 from the prior year while expenditures decreased $7,029. The reason for the decrease in both revenues and expenditures is due to less after school program activity. The excess of revenues over expenditures stayed reasonably consistent with prior year amounts.

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Legislative Summary

The following is a brief summary of current legislative changes and issues affecting the funding of Minnesota school districts. More detailed and extensive summaries are available from the Minnesota Department of Education (MDE).

STATE AID APPROPRIATIONS

The formula allowance for 2017 General Education Aid was increased $119 (2%) to $6,067. For 2018, the formula allowance is set at $6,188, which is also an increase of 2%.

COMPENSATORY REVENUE

The compensatory pilot grants have been added permanently to regular compensatory revenue at the 2017 level. A percentage of the total compensatory revenue must be used for extended time activities. These percentage are 1.7% for 2018, 3.5% for 2019, and for 2020 and later it will be 3.5% plus the percentage change in the formula from 2019.

STUDENT ACHIEVEMENT LEVY

The Student Achievement Levy is reduced from $20 million to $10 million for 2018 and eliminated for 2019.

LEAD IN SCHOOL DRINKING WATER

By July 1, 2018, districts will be required to begin testing school water for lead. Testing must be completed for all schools within five years. School districts and charter schools must adopt a plan to test school water for lead at least every five years. Lead test results must be made available to the public and parents must be notified when this information is available.

The testing may be included in the ten-year facilities plans and districts can use long-term facilities maintenance revenue for lead testing and remediation costs.

PAYMENTS TO NONOPERATING FUNDS

The payment schedule for nonoperating fund aids is moving to six monthly installments from July through December rather than 12 monthly installments.

SCHOOL BUILDING BOND AGRICULTURAL CREDIT

Effective for taxes payable in 2018, there will be a property tax credit on all property classified as agricultural. The credit will be equal to 40% of the tax on the property attributable to school district bonded debt levies. Total amounts available will be $34.8 million in 2019, $45.2 million in 2020, and $52.5 million in 2021.

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Legislative Summary

LONG-TERM FACILITIES MAINTENANCE REVENUE

Beginning in 2017, deferred maintenance, health and safety and alternative facilities revenues were rolled into a new long-term facilities maintenance revenue program. This new revenue equals the sum of the product of:

1) $193/APU for 2017, $292 for 2018, and $380 for 2019, and later, and
2) The lesser of 1 or the ratio of the district's average building age to 35 years
3) The approved cost of indoor air quality, fire alarm and suppression and asbestos abatement projects with a cost per site of $100,000 or more

The 25 large districts currently eligible for alternative facilities revenue continue to be eligible based on approved project costs without a state-imposed per pupil limit.

Districts may choose to issue bonds for the program, levy on a pay as you go basis, or a combination of the two.

Districts are guaranteed to receive at least as much revenue and state aid as they would have received under existing law.

NUTRITION CONTRACTS

There is now an exception to the statute limiting school district contracts to two years with an option on the part of the district to renew for an additional two years. The exception states that a contract between a school board and a food service management company that complies with Code of Federal Regulations, title 7, section 210.16, may be renewed annually after its initial term for not more than four years.

EQUITY REVENUE

For 2017 through 2019, nonmetro school district are eligible for a 16% increase in the sliding portion of their equity revenue. The seven county metro area schools continue to receive a 25% increase over their initial calculation for revenue.

Beginning in 2020, all districts will receive the same 25% increase over the initial calculation for revenue.

For 2017 all revenue increases will be paid out as additional state aid.

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Legislative Summary

SPECIAL EDUCATION

An adjustment to the prior year data and the fiscal year 2016 old formula revenue base used to calculate the hold harmless and group cap will be necessary for closed or restructured programs.

Although there was a change in Federal law removing student awaiting foster care from the definition of "homeless", these students will still be included in the special education funding calculations.

FOUR DAY WEEKS

Grandfathered districts that currently operate using a four-day week are allowed to maintain this program until the 2019-2020 school year. Future approval is dependent upon meeting the World's Best Workforce goals. If discontinued, districts are allowed a one-year transition time.

NONPUBLIC PUPIL AID

The definition of "textbook" has been modified to include the on-line books with annual subscription costs. The definition of "software or other educational technology" has been modified to include registration fees for online advanced placement courses.

VOLUNTARY PREKINDERGARTEN/SCHOOL READINESS PLUS

A new school readiness plus program has been created for 2018 and 2019 only. This program changes the voluntary preK cap from a limit on the total state aid entitlement to a limit on the number of participants. For 2018 this cap will be 6,160 for voluntary preK and school readiness plus and will be 7,160 for 2019. The cap of 6,160 for 2018 covers the 3,160 2017 voluntary preK participants that have renewed their applications for 2018 plus 3,000 new participants. After 2019 the school readiness plus will be eliminated and the cap for voluntary preK will be 3,160 participants.

HOME VISITING REVENUE

Effective for 2018, on the Pay 2017 levy, the formula for home visiting revenue is increased from $1.60 to $3.00 times the population under age 5 residing in the District on September 1 of the last school year.

PUPIL TRANSPORTATION FUNDING

Beginning in 2018, sparsity revenue will increase by 18.2% of the difference between the lesser of the district's actual regular and excess transportation costs, including bus depreciation for the previous year or 105% of the district's cost for the second previous year, and the sum of 4.66% of the district's basic revenue, transportation sparsity revenue and charter school transportation adjustment from the previous year.

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Legislative Summary

REVIEW AND COMMENT

The commissioner will now include comments from district residents in the review and comment on capital projects.

School boards must now hold a public meeting to review the commissioner's review and comment on a proposal before the bond election.

NEW FINANCE CODES

Starting in 2018, there are multiple new finance codes for tracking revenue. Finance code 175 will be used to track revenue related to Title VII – Impact Aid. This finance code will close to balance sheet code 475, Restricted for Title VII Impact Aid. Finance code 185 will be used to track revenue from private sources. This finance code will close to balance sheet 485, restricted for private sources. Finance code 176 will be used to track revenue from payments in lieu of taxes (PILT). This finance code will close to balance sheet 476, restricted for payments in lieu of taxes.

SPECIAL ELECTIONS

District's no longer have the ability to choose any date for special elections. Special elections must now be held on the second Tuesday in February, April, May, August or election day.

CHARTER SCHOOLS

Charter schools with building lease aid are allowed to include students participating in PSEO in its pupil count for generating lease aid.

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Emerging Issues

Executive Summary
The following is an executive summary of financial related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant update includes:

- **Accounting Standard Update – GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions** – GASB has issued GASB statement 75 relating to accounting and financial reporting for postemployment benefits other than pensions. The new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities.

The following is an extensive summary of the current update. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss this issue with you further and their applicability to your District.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 75 - *ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* establishes new accounting and financial reporting requirements for OPEB plans.

GASB Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a *net OPEB liability*—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 75 - *ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS* (CONTINUED)

- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their *proportionate share of the collective OPEB liability* for all entities participating in the cost-sharing plan.

- Governments that do not provide OPEB through a trust that meets specified criteria will report the *total OPEB liability* related to their employees.

GASB Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments.

GASB Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

Information provided above was obtained from www.gasb.org