Implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The Governmental Accounting Standards Board (GASB) is an independent, nonprofit organization that establishes financial accounting and reporting standards for state and local governments, including school districts, charter schools and renaissance school projects. New Jersey state law and administrative code (N.J.S.A. 18A:4-14 and N.J.A.C. 6A:23A-16.1 et seq.) require school districts, charter schools and renaissance school projects to follow generally accepted governmental accounting principles in accordance with statements issued by the Governmental Accounting Standards Board (GASB). The Comprehensive Annual Financial Report (CAFR) as prepared by each public school is the basis for the annual independent audit. Implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, is required for the fiscal year that ended June 30, 2019.

GASB Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures, and recognition and disclosure requirements. Additionally, the Statement addresses certain circumstances applicable to New Jersey public schools in which a nonemployer entity (the State of New Jersey) provides financial support for Other Post-Employment Benefits (OPEB) of employees of another entity.

Key steps/actions
Please note that on Thursday, November 7, 2019, Treasury posted OPEB plan information on its website.

N.J.S.A. 18A:23-1 et seq. requires the fiscal year ended June 30, 2019, Comprehensive Annual Financial Report (CAFR) to be filed with the department no later than December 5, 2019. Because the due date is statutory, the Commissioner of Education may not extend the due date. Schools should be aware that noncompliance with the financial reporting and disclosure requirements of GASB Statement No. 75 is a serious matter and will likely result in the issuance of a modified audit opinion on the school’s financial statements.

The New Jersey Department of Education (NJDOE) is aware of the challenges presented to schools in complying with GASB Statement No. 75. Be advised that submission of a school audit report (CAFR) after the statutory deadline, but on or before Monday, December 23, 2019, will not result in any adverse findings by the NJDOE. Specifically, applicable to school districts, the NJDOE will not:

1. Penalize any school district score for purposes of the Quality Single Accountability Continuum (QSAC).
2. Consider a school district to have violated N.J.S.A. 18A:7A-55 a. (8) late audit submission as a factor in the appointment of a State monitor.
This additional flexibility should allow for all schools and independent auditors to successfully complete their work, inclusive of the reporting standards of GASB Statement No. 75. We encourage schools and auditors to work collaboratively towards this goal to ensure a timely and complete audit submission.

Contact information
Please submit questions regarding this memo to doe.cafr@doe.nj.gov

c: Members, State Board of Education
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