



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES

P.O. BOX 119
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DEC - 3 2008

COMPTROLLER'S MEMORANDUM NO. 2008-22

TO: Heads of Departments

FROM: Russ K. Saito, State Comptroller
Department of Accounting and General Services

SUBJECT: Financial Reporting for Postemployment Benefits Other Than Pensions
(OPEB)

This memorandum addresses the accounting and financial reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 which is effective for financial statements issued for the fiscal year ended June 30, 2008, requires the allocation of OPEB cost to component units and proprietary funds that are reported separately in the State's Comprehensive Annual Financial Report. To comply with this requirement, the Department of Accounting and General Services (DAGS) will calculate and provide to each component unit and proprietary fund the allocated amount of the Annual Required Contribution (ARC), interest, and any adjustment to the ARC for inclusion in its financial statements. The basis for the allocation is the proportionate share of contributions made by each component unit and proprietary fund for retiree health benefits. The contribution amount is the fringe benefit cost for retiree health insurance assessed by the payroll system.

Although there is no Generally Accepted Accounting Principles for stand alone departmental financial statements, DAGS is establishing a policy, effective with financial statements issued for the fiscal year ended June 30, 2008, that requires departments to allocate OPEB cost to component units and proprietary funds that are reflected separately in stand alone reports. DAGS will make the calculations and provide departments with the required information annually.

If you have questions on the above, please call Wayne Horie of our Accounting Division at 586-0600.


RUSS K. SAITO
State Comptroller