

**TOWN OF BRIGHTON TOWN BOARD
FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE
MEETING AGENDA**

**Meeting Date: Wednesday, November 3, 2021 (3:30 p.m.)
Location: Auditorium, Brighton Town Hall**

1. Executive Session – Discuss matters related to real estate.
2. Approval of Minutes – Receive and file minutes of the October 19th, 2021 meeting.
3. Approve the appointment of Jayden Skeen-Foss to the position of laborer in the Highway Department effective November 22, 2021(Highway Dept.) – Request from Mike Guyon for Town Board action to approve the appointment of Jayden Skeen-Foss to the position of laborer effective November 22, 2021. This salary for this position will be set at \$19.38/hour (40 hours/week) as outlined in the current CSEA collective bargaining agreement. This appointment is subject to the successful competition of a 52 week probationary period and is noncompetitive per the Monroe County Civil Service Commission (see letter from M. Guyon).
4. Approve Memorandum of Agreement with the Teamsters bargaining unit to offer enhanced dental (Smile Saver IV) to the Teamster members (Highway/Sewer/Parks Depts.) – Request from Mike Guyon for Town Board action to approve the MOA with the Teamsters bargaining unit and authorize the Supervisor to execute the agreement. This agreement will give the members the ability to purchase the enhance dental plan – Smile Saver IV. Each member who chooses to participate in the enhanced plan will be responsible to pay the entire cost of their selection. This agreement has been reviewed by Bill Lowe, the Town's Labor Relations Attorney (see letter from M. Guyon).
5. Authorize renewal contract with Penflex, Inc. as TPA for West Brighton Fire Protection District LOSAP – Request from Suzanne Zaso for Town Board action to authorize the Supervisor to execute a renewal contract with Penflex, Inc. for third party administration services are related to the West Brighton Fire Protection District's Length of Service Award Program. The contract is for a one year period 11/1/2021 – 10/31/2022 with a base fee of \$3,900 (no increases from 2020/2021), GASB 73 fee of \$950, and certification and trustee directive letters are \$125 each (no change in this part of the contract pricing from the previous year.) (see letter from S. Zaso).

The next regularly scheduled meeting of the FASC will be held on TUESDAY, NOVEMBER 16, 2021 at 3:30 p.m. in the AUDITORIUM at Brighton Town Hall.

All members of the public are invited to attend FASC meetings.

****AS PER THE REGULAR SCHEDULE (Room Change)****



Town of
Brighton

Public Works
Department

Mike Guyon, P.E.
Commissioner of Public
Works

October 22, 2021

The Honorable Finance and Administrative Services Committee
Town of Brighton
2300 Elmwood Avenue
Rochester, New York 14618

Re: Proposed Permanent Hiring
Laborer Position (Highway Department)

Dear Chairperson DiPonzio and Committee Members:

The Highway Department currently has a laborer position vacancy that should be filled. I am recommending that we fill this position as follows:

- 1) Mr. Jayden Skeen-Foss, 2 Holmes Rd., Rochester, NY 24626 be appointed to the position of laborer subject to Town Board action;
- 2) the effective date of hire will be Monday November 22 2021 with the starting wage to be \$19.83/hour (40 hours/week) in accordance with the current collective bargaining agreement with the Brighton CSEA unit;
- 3) the appointment is subject to a 52-week probationary period effective as of the date of hire;
- 4) the other terms of hiring and employment shall also be in accordance with the current CSEA contract as well as other necessary documentation that shall be provided to our Human Resources Department.

This appointment and position is classified as "noncompetitive" by the Monroe County Civil Service Commission. This position and salary has been accounted for in the 2021 budget. Mr. Skeen-Foss is a well-qualified candidate as demonstrated by his experience and references.

As always, thank you for your consideration. I will be in attendance at your regularly scheduled November 2, 2021 meeting in the event that you have any questions regarding this matter.

Sincerely,

Michael E. Guyon
Commissioner of Public Works

cc: S. Zimmer
M. Guyon
P. Parker
B. Monroe
T. Van Putte
K. Gordon



Town of
Brighton

Public Works
Department

Mike Guyon, P.E.
Commissioner of Public
Works

October 28, 2021

The Honorable Finance and Administrative Services Committee
Town of Brighton
2300 Elmwood Avenue
Rochester, New York 14618

Re: Enhanced Dental Plan
Teamsters MOU

Dear Chairperson DiPoncio and Committee Members:

The Town of Brighton would like to offer the members of the Teamster Local 118, Local Brotherhood of Teamsters the ability to purchase an enhanced dental program, Smile Saver IV Dental Plan identical to the plan offered to the non-represented employees. Each union member may choose to participate in the enhanced program on an annual basis. Any member choosing to participate would be responsible to pay the entire additional cost of the enhanced plan for the applicable benefit year.

We have prepared the attached Memorandum of Agreement that would enable union membership to participate in the enhanced dental plan. We are requesting that the FASC authorize the supervisor to sign the Memorandum of Agreement.

As always, thank you for your consideration. I will be in attendance at your regularly scheduled November 2, 2021 meeting in the event that you have any questions regarding this matter.

Sincerely,

Michael E. Guyon
Commissioner of Public Works

cc: S. Zimmer
M. Guyon
P. Parker
B. Monroe
T. Van Putte
K. Gordon
M. Hagreen

MEMORANDUM OF AGREEMENT
Between
Town of Brighton
And
Teamsters Local 118, Local Brotherhood of Teamsters

WHEREAS: The Town of Brighton would like to offer the Town of Brighton members of the Teamster Local 118, Local Brotherhood of Teamsters the ability to purchase an enhanced dental program, Smile Saver IV Dental Plan, ; and

WHEREAS: The Town of Brighton members of the Teamster Local 118, Local Brotherhood of Teamsters have expressed interest in the ability to purchase the enhanced dental program; and

WHEREAS: This MOA is solely intended to supplement the current collective bargaining agreement by amending Section 2 of Article 7 Health Insurance of the Agreement by and between The Town of Brighton and Teamsters Local 118 International Brotherhood of Teamsters January 1, 2020 - December 31, 2024 to allow Town members of the Teamsters Union to purchase an enhanced dental plan,

NOW THEREFORE, it is hereby agreed between the parties hereto to amend Section 2 of Article 7 Health Insurance of the Agreement by and between The Town of Brighton and Teamsters Local 118 International Brotherhood of Teamsters January 1, 2020 - December 31, 2024 be modified as follows:

The employer will provide Smile Saver VII Dental plan premiums for the life of this Agreement, or another plan providing substantially equivalent benefits. The Town shall pay the same percentage of the premium as it does for health insurance based on the employee's job title and date of hire. Any employee who is covered by another -dental insurance plan at no cost to himself shall not be eligible for coverage. *The employer, Town, may choose to offer an enhanced dental plan to Town members of the Teamster Union during the Town's annual benefit open enrollment period. Each member may choose to participate in the enhanced program on an annual basis. A member choosing to participate in the enhanced dental plan is responsible to pay the entire additional cost of the enhanced plan for the applicable benefit year. Participation in the plan must be renewed annually and the Town reserves the right to discontinue the enhanced dental plan at the end of each benefit year at its discretion.*

This MOA does not alter the unaffected terms and conditions of the collective bargaining agreement ("CBA"), which shall remain in full force and effect.

Jeremy Pietrzykowski, Trustee
Teamsters Local 118
International Brotherhood of Teamsters

Date

Mark Hagreen, Steward
Teamsters Local 118
International Brotherhood of Teamsters

Date

William W. Moehle
Supervisor, Town of Brighton

Date



Town of
Brighton

Finance Department

Director of Finance – Paula Parker

Suzanne Zaso
Assistant Director of
Finance

November 2, 2021

Honorable Town Board
Finance and Administrative Services Committee
Town of Brighton
2300 Elmwood Avenue
Rochester, NY 14618

Re: W. Brighton Fire Protection District - Length of Service Award Program (LOSAP)
Contract Renewal with Penflex, Inc.

Dear Honorable Members,

I am recommending that Your Honorable Body authorize the Supervisor to execute a renewal agreement with Penflex, Inc. for the period of November 1, 2021 through October 31, 2022 through which Penflex would continue to serve as the third-party administrator for the West Brighton Fire Protection District's Service Award Program. In addition, I am recommending that the new agreement include additional services from Penflex to provide the actuarial accounting of the net pension liability of the program as required by GASB Statement No. 73. This information will need to be disclosed on the balance sheet and footnotes of the Town's financial statements.

The base fee for 2021/22 will be \$3,900 and certification and trustee directive letters will be \$125 each. The fee for the GASB 73 package will be \$950.

Penflex has been of great assistance in helping the Town to better understand the financial implications and impacts of the Service Award Program. I recommend that the Town Board allow us to continue this beneficial relationship.

I would be happy to respond to any questions that members of the Committee or other members of the Town Board may have regarding this matter.

Sincerely,

Suzanne Zaso
Assistant Finance Director



SERVICE AWARDS FOR FIRE & EMS

50 Century Hill Drive, Suite 3
Latham, New York 12110

penflexinc.com

t 800-742-1409
f 518-783-6915
Email: info@penflexinc.com

October 2021

Ms. Suzanne Zaso
Town of Brighton
2300 Elmwood Avenue
Suite 110
Rochester, NY 14618

Re: Service Award Program 2021-2022 Service Fee Agreement

Dear Ms. Zaso:

Penflex is honored to have the opportunity to continue to administer your program for the 2021-2022 year. The Penflex staff proudly serves your volunteers who dedicate their time and effort in their communities.

Enclosed please find our Service Fee Agreement, which sets forth the fees for actuarial and administration services for your program. An Annual Statement detailing fees billed and paid to Penflex over the last 12-month period is also enclosed. Most importantly there are no fee increases to your program for the upcoming year. Penflex is keenly aware that last year was challenging for our clients due to COVID and this is our way of saying "We support and stand with you" as we all look towards a brighter tomorrow.

Over the past year many of our clients inquired about COVID point resolutions. For those clients who have adopted COVID resolutions we will continue to provide guidance as to how points should be calculated. For clients who have not adopted a COVID point resolution please contact us for more information and insight. For over 32 years our clients have relied on Penflex as a trusted resource, adviser and partner when seeking LOSAP expertise and we happily continue those relationships today and in the future.

As we continually strive to reach greater heights in our business, having the resources of McNeil & Company behind Penflex provides great opportunity for organizational growth and operational efficiencies which directly benefits all our clients. Recently three new staff members were hired in addition to the entire office being fitted with new computer hardware. The upcoming year will continue to provide technology advancements that will benefit our clients and volunteers.

Please return a signed copy of the Service Fee Agreement to Penflex Actuarial Services, LLC by January 14th, 2022. Your timely response is greatly appreciated. The signed Agreement can be faxed to (518) 783-6915 or emailed to: info@penflexinc.com. Please note that, if applicable, an invoice for our base fee is enclosed.

If you are requesting that we prepare an optional financial statement disclosure package, please review your auditor's information and make any applicable changes on the Agreement.

The entire Penflex staff is committed to providing the highest level of expertise and service when administering your program. Thank you for your continued business.

Serving your volunteers,

Edward J. Holohan
President & Senior Actuary

Paul A. Cognetta
Vice President of Operations

**Penflex Actuarial Services, LLC.
11/1/2021-10/31/2022 Service Fee Agreement**

**WEST BRIGHTON FIRE PROTECTION DISTRICT
SERVICE AWARD PROGRAM**

Standard Services Fee Schedule

Base Fee: \$3,900, \$0 change from 2020

Per-Participant Fee: \$0, \$0 change from 2020

Payment certification and trustee directive letters: \$125 per letter, \$0 change from 2020

Total Estimated Standard and Distribution Services Fees: \$4,200

Preparation of Financial Statement Disclosures

Disclosure Packages Provided For Program Year 2020:

NYS LOSAP Audit Package: No

GASB 73 Package: Yes

Auditing Firm: Mengel Metzger Barr & Co. LLP

Contact Name: Raymond Wager

Email Address: rwager@mm-b-co.com

Please Check 'Yes' Or 'No' For Program Year 2021:

Complete the NYS LOSAP Audit Package for a fee of \$495: Yes No

This is a \$0 change from 2020. Please refer to the enclosed newsletter titled 'New York State Volunteer Firefighter LOSAP Audit Requirement' for more information

Complete the GASB 73 Package for a fee of \$950: Yes No

This is a \$0 change from 2020. Please refer to the enclosed 'GASB 73 FAQs' for more information. For a sample GASB 73 package, please email: info@penflexinc.com.

PLEASE NOTE: If you are requesting any Disclosure Packages, please review and make any necessary changes to your auditor's information noted above.

All other services are optional and are billed only when requested. Please call for fee estimates and purchase order arrangements. Optional services include additional client meetings, drafting of special correspondence and documents, and performing actuarial cost estimate calculations.

To authorize Penflex Actuarial Services, LLC. to begin providing these services in accordance with this fee schedule, please have the Town Supervisor sign and return this Service Fee Agreement. Keep a copy for your records.

Supervisor
Town of Brighton

Edward J. Holahan
Edward J. Holahan, ASA
President, Penflex Actuarial Services, LLC.



SERVICE AWARD PROGRAM STANDARD SERVICES

1. Prepare an annual Service Award Program statement for each Service Award Program participant, including those who are in payment status.
2. Prepare for the record and for audit purposes an annual Service Award Program report which:
 - a. shows and completely documents the calculation (defined benefit plans) or allocation (defined contribution plans) of the annual Program cost.
 - b. accounts for changes in the Program's assets.
 - c. lists the earned Service Awards (defined benefit plans) or accounts for changes in the Program account (defined contribution plans) for each participant.
 - d. summarizes the major provisions of the Program.
 - e. lists current payment recipients.
 - f. includes a service credit listing for current participants.
 - g. includes a written description of the actuarial methods and assumptions used to calculate the annual program costs (defined benefit plans).
 - h. For members of the Sponsor's Governing Board or Officials, prepare:
 - i. "Fact Sheet" which includes current year important information about their Program.
 - ii. "Annual Report Commentary" correspondence which alerts officials about emerging issues and/or explains changes in the Program (such as increase/decrease in Program funding costs).
3. One meeting upon request, first with officials and then with volunteers to review the Annual Report, to answer questions from volunteers about their annual statements, and to provide updates on Service Award Program related legislation and on their own Program.
4. Provide pertinent forms for participants to apply for payment upon eligibility, elect or change beneficiaries, etc.
5. At year-end, provide written instructions about how to prepare the required certified listings to be approved by the Sponsor's Governing Board and Department/Company officials, posted by the Department/Company, and sent to Penflex Actuarial Services, LLC.
6. Project the Program's cash flow needs in order to plan and formulate investment strategy.
7. Prepare written notification/explanation to be sent to persons who cease to participate in the Program.
8. During normal business hours, have trained staff available to answer questions from officials and designated client contact persons.
9. Throughout the year, receive, review and reconcile financial statements from custodian and/or investment and/or insurance providers.
10. Process Service Award payment applications, certify payment amounts and eligibility, prepare payment directives and communicate directly with the payment recipient and/or custodian and/or paying agent when necessary.
11. Answer routine questions from Sponsor's auditors about the Program and the Annual Report.
12. When required, prepare vouchers for payments to the Program Trust Fund.

Penflex Actuarial Services, LLC
50 Century Hill Drive, Suite #3
Latham, NY 12110
800-742-1409
accounting@mcneilandcompany.com
www.penflexinc.com



INVOICE

BILL TO

Town of Brighton
Attn: Director of Finance
2300 Elmwood Avenue
Rochester, NY 14618

INVOICE # 2021-435
DATE 10/27/2021

TERMS Due on receipt

DESCRIPTION	QTY	RATE	AMOUNT
BASE FEE FOR THE PERIOD OF NOVEMBER 1, 2021 TO OCTOBER 31, 2022	1	3,900.00	3,900.00

Please remit payment to:
Penflex Actuarial Services, LLC
PO Box 5670
Cortland NY 13045

BALANCE DUE **\$3,900.00**

Penflex Actuarial Services, LLC
 50 Century Hill Drive, Suite #3
 Latham, NY 12110
 800-742-1409
 accounting@mcneilandcompany.com
 www.penflexinc.com



Statement

TO

Town of Brighton
 Attn: Director of Finance
 2300 Elmwood Avenue
 Rochester, NY 14618

STATEMENT NO. 1085

DATE 11/01/2021

TOTAL DUE \$3,900.00

ENCLOSED

DATE	DESCRIPTION	AMOUNT	BALANCE
08/31/2020	Balance Forward	0.00	
10/29/2020	Invoice #2020-450 --- BASE FEE FOR THE PERIOD OF NOVEMBER 1, 2020 TO OCTOBER 31, 2021 = \$3,900.00	3,900.00	3,900.00
01/27/2021	Payment #017431	-3,900.00	0.00
03/31/2021	Invoice #2021-46 --- Standard Fee To Calculate and Certify Amount of Benefit Payable and Prepare Correspondence for Payment of a Service Award = \$250.00 --- = \$0.00 --- Preparation of GASB 73 disclosure package for fiscal year end = \$950.00	1,200.00	1,200.00
04/30/2021	Payment #17898	-1,200.00	0.00
10/27/2021	Invoice #2021-435 --- BASE FEE FOR THE PERIOD OF NOVEMBER 1, 2021 TO OCTOBER 31, 2022 = \$3,900.00	3,900.00	3,900.00

Current Due	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Amount Due
3,900.00	0.00	0.00	0.00	0.00	\$3,900.00



New York State Volunteer Firefighter LOSAP Audit Requirement

Background

In November 2005 and May 2006, the Long Island-based newspaper Newsday published articles about Length of Service Award Programs (LOSAPs), in particular, their relatively poor funded status. Partly in reaction to these articles, a bill was introduced in 2006 that was eventually signed into law. This new legislation, GML §219-a(3) required a LOSAP to be audited annually by an independent certified public accountant (CPA). The justification for the bill stated, in part, the following:

"Annual audits will help ensure that programs are adequately funded, allow program sponsors to adjust contributions and increase transparency."

The new statute required the audits to commence effective with the program sponsor's fiscal year ending on/after June 30, 2007. Although the original deadline for the completion of the audit was 90 days, it was subsequently increased to 270 days. However, for reasons discussed below, the deadline for fire districts that prepare audited financial statements is 180 days. The audit report must be submitted to the Office of the State Comptroller (OSC).

Our observation is that the audit requirement has made LOSAP sponsors generally more educated about the financial state of their program, but more progress must still be made. Penflex is proactively working with CPAs, statewide associations, and other professionals serving LOSAP sponsors to increase awareness about the need to more closely monitor these programs.

Compliance & Model Footnote

The text of the statute is somewhat vague and open ended. To clarify how a LOSAP sponsor is to comply with this requirement, the OSC established guidelines in a 2008 memorandum which outlined two options. The first option is aimed towards LOSAP sponsors that already have their financial statements audited by an independent CPA. These sponsors can include a footnote of information about the LOSAP in its financial statements. The CPA will then audit the footnote and LOSAP as part of the overall financial statement audit. The second option is to engage a CPA to perform a LOSAP-only audit in compliance with the AICPA Audit and Accounting Guide for Employee Benefit Plans. With either option, the LOSAP information is to be presented using the model footnote format and submitted to the OSC. Note that fire districts that are required to have their financial statements audited must submit the financial statements to the OSC by June 30th, making the effective filing date for these fire districts 180 days, not 270.

The footnote is to state basic program provisions and benefits provided. It must describe how the program assets are managed and what vendors have been hired to assist the sponsor in its fiduciary role, including asset management and third-party administration. It also requires disclosure of the financial condition of the program, which includes the investment allocation of the program assets and changes in the assets during the year, liabilities, contributions required and made during the year, fees paid to vendors for administration, actuarial and/or investment management services, and actuarial assumptions (for defined benefit programs).

The LOSAP audit must be filed with the OSC by the required deadline. Based on our discussions with OSC staff and information we requested on LOSAP audits reported to the OSC, it appears that LOSAP audits are not being transmitted to the OSC even though they are likely being completed by the CPA. Based on information obtained through a Freedom of Information request, it appears that the number of submissions has increased from 306 in 2013 to 353 in 2016 (the most recent year available). Although information about the LOSAP (i.e., LOSAP footnote) is submitted with the Annual Update Document (AUD), this submission does not satisfy the LOSAP audit requirement because it is not one of the two compliance options outlined above.

Based on municipal spending data available on the OSC website, there are about 510 municipalities that report an annual expenditure for LOSAP. However, this data does not include many towns, since the LOSAP cost is often rolled into fire protection contract costs. Knowing this, we estimate that 353 LOSAP audits likely represents a filing compliance rate of 50% to 60% of all LOSAP sponsors. Although we believe that the LOSAP statute requires the CPA to file the audit report with the OSC directly, we understand in speaking to CPAs that there are certain restrictions that do not always make this a practical procedure. We recommend that each sponsor work with its CPA to ensure that the audit is being filed with the OSC, either by the CPA or the sponsor. It can be electronically filed to afrfile@osc.state.ny.us. In addition, we suggest that the sponsor review the results of the audit with the CPA and ask to be alerted of any problems or concerns. If the CPA ever has questions about actuarial or administrative work performed by Penflex, the CPA is encouraged to contact us directly to have these questions answered.

Penflex LOSAP Audit Package

To assist our clients in complying with the audit requirement, Penflex developed an optional LOSAP Audit Package service. After consulting with several CPAs, the LOSAP Audit Package was modeled to provide all the necessary information to fulfill the audit requirements for the sponsor. Essentially, Penflex completes the model footnote on behalf of the sponsor and provides the necessary documentation for the CPA to verify its accuracy – annual report, asset statements, fees paid, and other supporting materials. The LOSAP Audit Package is emailed to the CPA and sponsor. Penflex answers any questions from the CPA about the LOSAP or the package. Most CPAs find this package helpful in that it gives them direct access to the necessary information from Penflex rather than having to piece it together from multiple sources. Our clients benefit from a more streamlined process that reduces their effort and improves the accuracy of the disclosures. However, before asking Penflex to prepare the LOSAP Audit Package, please discuss it with the CPA to determine if the goal of the package will be achieved.

While our LOSAP audit package is comprehensive in its content, it cannot function as the audit itself. The audit must be performed by the CPA, and the results of the audit must be submitted to the OSC.

What you need to know...

- The LOSAP audit is an **annual requirement** that must be filed with the OSC within **270 days** of the end of the sponsor's fiscal year (**180 days for most fire districts**).
- The Penflex LOSAP Audit Package is an **optional service** and provides the necessary disclosures but **does not** satisfy the audit disclosure requirements.
- The sponsor must retain an **Independent CPA** to perform the annual audit.
- There are **two audit options** – the CPA can help the sponsor determine which approach is best.
- Attaching the footnote to the AUD **does not** satisfy the audit requirement.



Governmental Accounting Standards Board (GASB) Statement No. 73 Frequently Asked Questions

The accounting and financial reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68" became effective for fiscal years beginning after June 15, 2016. Penflex has responded to this new client need by providing educational information as well as an optional "GASB 73 Disclosure Package" containing the information required to be reported under GASB 73.

The majority of our clients who have requested the GASB 73 Disclosure Package have now completed their first year of financial statements including these new requirements; a handful of clients are in their second year of reporting under this new standard. Over the past year, we have prepared the actuarial information required by GASB 73 for our clients and communicated with them and their auditors regarding implementation of the new standard. Throughout this process we have heard many questions and concerns about the new standard and the information presented in our GASB 73 Disclosure Package.

The following is a list of some of the most frequently asked questions.

Q1. *Is my municipality required to report financial information in accordance with GASB 73?*

A1. Financial statements that are prepared in accordance with generally accepted accounting principles (GAAP) are required to comply with all applicable GASB statements, including GASB 73. Many of our clients consist of Towns and Villages, and the majority of those municipalities prepare GAAP based financial statements which are including the GASB 73 information. Conversely, fire districts typically do not prepare GAAP based financial statements. Ultimately, your accountant or auditor will be able to advise you as to whether the GASB 73 information will be needed by your municipality.

Q2. *Is the Office of the New York State Comptroller (OSC) going to require GASB 73 information to be reported on the Annual Update Document (AUD)?*

A2. As of the date of this newsletter, the OSC has not issued any guidance on the reporting of GASB 73 information on the AUD. However, the OSC did recently issue guidance on a separate statement, GASB 75, which applies to the treatment of liabilities for other post-employment benefits (OPEB) sometimes offered by local governments. The OSC will *not* be requiring the GASB 75 OPEB information for AUD reporting purposes. Penflex is hopeful that similar guidance will be issued soon regarding the reporting of GASB 73 information on the AUD.

Q3. *My LOSAP is a defined contribution plan, not defined benefit. Do I still need the Disclosure Package provided by Penflex?*

A3. Penflex does not provide a GASB 73 Disclosure Package for our clients with defined contribution plans. While GASB 73 is applicable to defined contribution LOSAPs, the information required does not require special actuarial calculations. The GASB 73 disclosure can be prepared by your accountant or auditor using the Annual Report already provided by Penflex.

Q4. Does this mean that there will be a change to the LOSAP contribution or funded status calculated by Penflex in my Annual Report?

A4. GASB 73 is meant to impact the accounting and financial reporting of pensions only and intentionally *does not* address how the pensions are funded. Penflex is committed to helping our clients properly fund for the benefits promised to volunteers by determining annual contribution requirements based on sound actuarial principles and appropriate funding policies. The calculation of the GASB 73 information is unrelated to plan funding calculations; therefore GASB 73 will have no impact on program contributions or funded status.

Q5. Why is the Total Pension Liability (TPL) different from the Actuarial Accrued Liability (AAL) shown in the Penflex Annual Report?

A5. As noted above, the GASB 73 information is intended for accounting requirements, not plan funding. The TPL is calculated using methods and assumptions that are prescribed in that statement and that differ from those used in Penflex funding calculations. For this reason, the TPL in the GASB 73 Disclosure Package will differ from, and should not be compared to, the AAL in your LOSAP Annual Report.

Q6. Why does the information in my GASB 73 package have a measurement date that is one year prior to the date of my financial statements?

A6. Penflex is measuring the Total Pension Liability (TPL) as of a date one year prior to some clients' fiscal year end in order to be able to provide the Disclosure Package in a timely manner and to best align with staff workloads. This practice is in accordance with the GASB 73 standard which allows for some flexibility in the timeframe at which the TPL is measured. Specifically, the TPL can be measured on any date up to a year prior to the reporting date, or the fiscal year end. This choice in measurement date has no material impact on the required disclosures.

Q7. What is the difference between the GASB 73 package and the NY State LOSAP Audit package?

A7. Section 219-a(3) of the New York State General Municipal Law requires every volunteer firefighter service award program to be audited. The implementation of the new GASB 73 standard does not change this State audit requirement. The challenge for the majority of LOSAP sponsors is that compliance with the State audit requirement takes the form of a footnote to the sponsor's audited financial statements. The template for this footnote was provided by the Office of the State Comptroller. The information about the program that is detailed on the footnote is based on the Annual Report prepared by Penflex, which is different than what is reported in the GASB 73 disclosure (as addressed in Question 5). This has left many treasurers, comptrollers, and auditors unsure how to balance complying with both requirements against the potential confusion of reporting two financial disclosures of the program on the same statement. From our discussions with the OSC about this topic, we have been alerted that guidance is forthcoming. In the meantime, you should continue to work with your auditor to decide the most appropriate way to proceed.