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DEPARTMENT OF TREASURY
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2021-2 Reporting of Single Employer Retirement Pension or Other
Postemployment Benefit (OPEB) Systems

Intended Audience: Any local government employee, including clerks, treasurers, elected officials, finance directors, city, township, or village managers, auditors, and accounting staff, among others

Background

Using reporting found in the local government's most recent audited financial statement (the "audit report"), funded ratios and actuarially determined contributions for each defined benefit retirement system are annually required to determine underfunded status, pursuant to [Public Act 202 of 2017 \(the Act\)](#). However, with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84 - Fiduciary Activities - there may be cases in which single employer defined benefit pension or other postemployment benefit (OPEB) systems are no longer reported in the primary local government's audit report. These systems comprise those which meet the following two conditions: 1) the system is no longer a component unit of the primary government as described under paragraph 6 of Statement No. 84; and 2) the primary government does not control the assets of the pension or OPEB system as defined by paragraph 12 of Statement No. 84.

Reporting Single Employer Retirement Pension or OPEB Systems

For purposes of continued compliance with the Act, if a local government's defined benefit single employer retirement pension or OPEB system is no longer required to be reported in the primary government's audit report, then the local government shall file a stand-alone audit report with Treasury for each single employer defined benefit retirement pension or OPEB system excluded from the primary government's audit report. A representative of the system must notify the Michigan Department of Treasury that the system will issue a separate annual audit report while indicating the fiscal year and obtaining a new municipal code if one has not already been assigned.

Failure to Comply

Reporting that fails to comply with the Act's requirements may result in a determination of underfunded status. Audit reports that are not filed are subject to be completed by Treasury at the expense of the system.

A representative of the system must notify the Michigan Department of Treasury that the system will issue a separate annual audit report while indicating the fiscal year and obtaining a new municipal code if one has not already been assigned.