

Exhibit to Agenda Item #4

Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting

Tuesday, October 30, 2018 scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

Request to Defer Expenses

Authorize SMUD's Accountant to defer recognition of certain expenses related to the net other post-employment benefits (OPEB) liability in order to match such costs in the appropriate accounting period for rate-making purposes.

Background

- GASB 75 – an accounting change that requires state and local governments to record a net OPEB liability on the Statement of Net Position (balance sheet) within the basic financial statements.
- Goal is to make existing OPEB obligations more transparent.
- Expenses were incurred based on the actuarial required contribution (funding based approach) and will change to an accounting based approach.
- Impact to net position (equity).
- Defer expenses related to the net OPEB liability as a regulatory asset for rate-making purposes.
- Amortization of the regulatory asset to begin in 2020 as part of the next rate case.

Request to Defer Expenses

Authorize SMUD's Accountant to defer recognition of certain expenses related to the net other post-employment benefits (OPEB) liability in order to match such costs in the appropriate accounting period for rate-making purposes.