

# **Bond Case Briefs**

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## **Accounting Rule to Force U.S. Cities to Report Health-Care Bills.**

U.S. state and local governments will have to report billions of dollars in health-care liabilities on their balance sheets under an accounting change aimed at improving disclosure of retiree benefits.

As a result of rules approved Tuesday by the Governmental Accounting Standards Board, municipalities and states will have to record the cost of health insurance and other benefits besides pensions in financial statements, the board said in a statement. Such costs are currently disclosed only in footnotes.

The change is part of a push by the accounting-standards setter to improve how governments report the cost of worker benefits that they haven't set aside enough money to pay. Similar requirements started taking effect for pensions last year.

States alone have \$529.8 billion of unfunded liabilities for health care and other benefits besides retirement checks, according to November 2014 report by Standard & Poor's, the New York-based bond rating company.

The shift that was approved unanimously will "significantly improve" disclosure of the promised benefits, the board said.

Reporting the liability promises to "represent a very significant liability for many state and local governments," said David Vaudt, chairman of the board, in the release. "It is critical that taxpayers, policy makers, bond analysts and others are equipped with enhanced information."

The rule is set to take effect for the years starting after June 15, 2016.

Bloomberg

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