



Commitment

Competence

Character

GASB Statement 68

Auditor Tour

Don Drum

PERSI Executive Director

November 2014

Two GASB Statements (67 and 68)

◆ GASB 67 - Applies to Pension Systems (PERSI)

- ◆ Took effect FY2014
- ◆ PERSI made the necessary changes in advance

◆ GASB 68 - Affects PERSI Employers

- ◆ Takes effect FY2015
 - Cities
 - State Agencies
 - Counties
 - School Districts
 - Etc.

Educating Employers

- ❖ 2-plus years in the making
- ❖ Staggered, regional approach
 - ◆ Started in Boise area
 - ◆ Traveled to all regions Spring through Fall
 - ◆ Meeting with Auditors
- ❖ Employer share of PERSI Net Pension Liability (NPL)
- ❖ Meant to gain your attention, not cause alarm
- ❖ Get the conversation started early

Net Pension Liability (NPL)

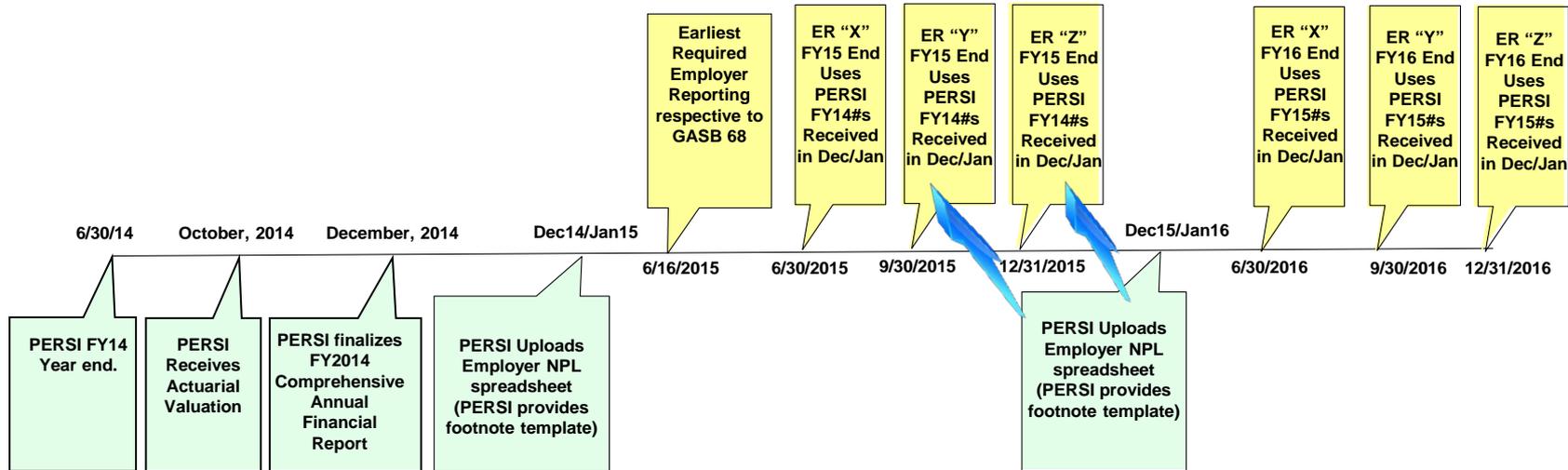
- ❖ **How PERSI will allocate employer share of the NPL**
 - ◆ Comparing your percentage of total contributions to PERSI total NPL
- ❖ **Where employer will likely report NPL**
 - ◆ Changes in Net Position
 - ◆ Who looks at Changes in Net Position
 - ◆ Who likely won't look at Changes in Net Position

Timeline

- ❖ **October, 2014 - PERSI audited financials arrive**
 - ◆ PERSI Actuaries determine employer NPL
 - ◆ PERSI Auditors test and verify
 - ◆ PERSI Transmits data to employers

- ❖ **Dec, 2014/Jan, 2015 employer receives PERSI's data**
 - ◆ Employer consults its auditor
 - ◆ Employer prepares financial statement
 - Depending on Employer FY end, NPL could be very outdated, or very current

Timeline



Starting with PERSI FY15 NPL, timing may allow some employers to use more current #s

What is PERSI doing right now?

Communication

- ◆ Employers
- ◆ Auditors
- ◆ Lawmakers
- ◆ Members/Retirees

 Working with our actuaries

 Working with our auditors

GASB 68 Responsibilities

PERSI (via Milliman and Eide Bailly)

- ◆ Provide Employer with NPL

Employer

- ◆ Work with your Accounting/Auditing
- ◆ Determine best way for your organization to report NPL on your financials in accordance with GAAP and GASB



Questions?

Commitment

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Employers and auditors with questions, or who would like to set up a meeting with the PERSI Executive Director or Executive Staff can call:

Jess Simonds (208)287-9307

Or email:
Jess.Simonds@PERSI.Idaho.Gov

www.persi.idaho.gov

GASB 68 Cost-Sharing

November 2014

Presented by:

Jeff Bradley FSA, EA, MAAA

GASB 68 for Cost-Sharing Plans

A Brief Review of Requirements

- For GASB 67, aggregate total pension liability (TPL) and net pension liability (NPL) have been calculated. For GASB 68, calculate aggregate pension expense.
- For GASB 68, cost-sharing employers must recognize some liability and expense.
 - Proportionate share of collective NPL
 - Proportionate share of collective pension expense
 - Deferred inflows and outflows
 - Changes in proportion

Calculating the Proportionate Share

- Fairly straight-forward calculation
- For PERSI employers, the initial proportionate share will equal:
 - The individual employer's contribution for FY2014 divided by
 - All contributing employers' contributions for FY2014
- For example, if Coeur d'Alene School District contributed \$5 million
- Total employer contributions during FY2014 = \$311 million
- CDA School District Proportionate Share of NPL & Expense =
$$\$5 / \$311 = 1.60772\%$$

Employer Allocation

- Apply proportionate share for each employer to collective NPL and pension expense
- Cost-sharing employers will not need to disclose a year-over-year change in NPL, only the Plan will
- Apply proportionate share to collective deferred inflows/outflows

Discussion/Questions

GASB 68



November 2014
Brad Berls, CPA, Senior Manager

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Testing Guidelines

- GASB 68 – Accounting and Financial Reporting for Pensions – an Amendment of GASB #27.
- AICPA State and Local Government Expert Panel Whitepaper – Single-Employer and Cost-Sharing Multiple-Employer Plans: Issues Associated with Testing Census Data in an Audit of Financial Statements
- AICPA State and Local Government Expert Panel Whitepaper – Issues Related to Information for Employer Report

Information to be Provided

- Audited report that includes 2 schedules
 - Schedule of allocation percentages by employer
 - Schedule of information disclosing net pension liability, deferred flows, ect.
 - Associated footnotes
- Sample footnote disclosure provided by PERSI



Employer Allocation Schedule Example

Employer	20X5 Actual Employer Contributions	Employer Allocation Percentage	
Employer 1	\$ 2,143,842	36.376	%
Employer 2	268,425	4.554	
Employer 3	322,142	5.466	
Employer 4	483,255	8.199	
Employer 5	633,125	10.742	
Employer 6	144,288	2.448	
Employer 7	95,365	1.618	
Employer 8	94,238	1.599	
Employer 9	795,365	13.495	
Employer 10	267,468	4.538	
Employer 11	403,527	6.847	
Employer 12	165,886	2.815	
Employer 13	68,454	1.161	
Employer 14	6,240	0.106	
Employer 15	2,144	0.036	
Total	<u>\$ 5,893,764</u>	<u>100.000</u>	%



Schedule of Pension Amounts Example

EXAMPLE COST SHARING PENSION PLAN
 Schedule of Pension Amounts by Employer
 As of and for the year ended 6/30/20X5

Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense			
Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between		
										Proportionate Share of Pension Expense	Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense



What you need to do

- Allocate net pension liability and deferred outflows across full accrual statements
 - Record prior period adjustment based on FY 14 allocation report adjusted for deferred outflows.
 - Record current year activity and net pension liability based on FY 15 allocation report adjusted for deferred outflows
- Adjust footnote disclosure based on GASB 68 guidance and/or PERSI sample footnote provided.

Questions!



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