



Employer *Bulletin*

Employer Communication Center 608-266-3285

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etf.wi.gov

Update On 2015 New GASB Pension Reporting Requirements

The Governmental Accounting Standards Board (GASB) issued two new financial reporting standards in 2012. The new standards (GASB 67 and 68) change the way governmental pension plans and their participating employers account for and report pension liabilities and expenses in their financial statements. GASB 68 requirements apply to various types of governmental pension plans, including cost-sharing multiple-employer plans like the Wisconsin Retirement System.

What GASB 67 and 68 do:

- The new standards change the way governmental pension plans and employers report financial information for accounting purposes.
- The new standards provide a snapshot of the plan's financial status as of a given date. Unlike current standards, which smooth asset gains and losses over five years, the new standard uses fair market value as of the close of the fiscal year. This will result in greater volatility in the measurement of pension liabilities.
- By requiring all pension plans to use the same actuarial method to calculate liabilities, the new standards provide a consistent framework for comparing the financial status of different plans.

What GASB 67 and 68 don't do:

- The new standards are not going to be used to determine WRS contribution rates, which are actuarially determined based on the WRS Funding Policy and state statutes.
- The "proportionate share" reported by employers is not a bill. The WRS is not expecting employers to make contributions any differently than they do now.
- The proportionate share isn't anything new to bond-rating entities. Rating agencies are aware of pension liabilities and typically have their own formulas for measuring pension debt.

[Read the GASB 68 standard](#)

[Read the GASB implementation guide for employers](#)

[Get the implementation toolkit for governments](#)

Implementation

ETF is in the process of preparing several schedules for employers to use in their financial statements. These schedules include Net Pension Liability, Pension Expense, Deferred Inflows/Outflows and disclosure notes. Final audited schedules will be available on our web site for inclusion of your financial statements approximately July 31, 2015. Our auditor's opinion will be attached to the schedules once they're posted and available.

In addition to the required schedules under the new GASB standards, ETF is prepared to supply you with the standard journal entries required for recording the Net Pension Liability (NPL). You may wish to discuss with your auditor on how to record this number on your financial statements

depending on your organization's structure and situation. ETF will also provide you with a footnote disclosure template, along with a supplement containing your employer specific data elements to populate in the template.

Sample schedules with hypothetical data are provided in this bulletin for your reference. *Note: Do not use these schedules to prepare your financial statements.* Actual required schedules with valid data, along with required disclosures, will be available on ETF's website approximately July 31, 2015.

You may also wish to contact your independent auditor or accountant to discuss the effect these changes will have on your internal accounting processes and annual audit.

Over the next few months watch for additional GASB-related information from ETF, including website postings, *Employer Bulletins* and other targeted communications.

Please contact Daniel Gopalan, with the Wisconsin Department of Employee Trust Funds, at daniel.gopalan@etf.wi.gov or call 608-261-0735 if you have any questions related to GASB 67/68 implementation.

Sample Schedule of Employer Allocations

Wisconsin Retirement System Schedule of Employer Allocations As of December 31, 20xx			
<u>Employer Name</u>	<u>Employer Number</u>	<u>Actual Employer Contributions</u>	<u>Employer Allocation Percentage</u>
City A	1	1,500,000.00	0.78947368421%
City B	2	1,000,000.00	0.52631578947%
County A	3	2,000,000.00	1.05263157895%
County B	4	3,000,000.00	1.57894736842%
School District 1	5	1,100,000.00	0.57894736842%
...	
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...	
<u>Employer 1497</u>	<u>1497</u>	<u>500,000.00</u>	<u>0.26315789474%</u>
Total		<u>190,000,000.00</u>	<u>100.00000000000%</u>

*** For reference only. Employers will receive actual schedules with valid data from ETF ***

Sample Schedule of Pension Amounts

*** For reference only. Employers will receive actual schedules with valid data from ETF ***

Deferred Outflows of Resources

Employer Name	Employer Number	Net Pension Liability	Difference Between Expected and Actual Experiences	Net difference between Projected and Actual Investments 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
Employer 1	1	393,600,000	13,120,000	65,600,000	26,240,000	19,680,000	124,640,000
Employer 2	2	157,500,000	5,250,000	26,250,000	10,500,000	11,550,000	53,550,000
Employer 3	3	502,200,000	16,740,000	83,700,000	33,480,000	36,828,000	170,748,000
Employer 4	4	752,400,000	25,080,000	125,400,000	50,160,000	37,620,000	238,260,000
Employer 5	5	939,300,000	31,310,000	156,550,000	62,620,000	68,882,000	319,362,000
Employer 6	6	25,200,000	840,000	4,200,000	1,680,000	1,260,000	7,980,000
Employer 7	7	19,800,000	660,000	3,300,000	1,320,000	990,000	6,270,000
Employer 8	8	20,400,000	680,000	3,400,000	1,360,000	1,020,000	6,460,000
Employer 9	9	1,112,700,000	3,709,000	185,450,000	74,180,000	55,635,000	318,974,000
Employer 10	10	141,300,000	4,710,000	23,550,000	9,420,000	10,362,000	48,042,000
Employer 11	11	317,100,000	10,570,000	52,850,000	21,140,000	15,855,000	100,415,000
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...							
...							
Employer 1497	1497	1,200,000	40,000	200,000	80,000	60,000	380,000
Total for All Employers		30,000,000,000	1,000,000,000	5,000,000,000	2,000,000,000	1,250,000,000	9,250,000,000

Deferred Inflows of Resources

Employer Name	Employer Number	Net Pension Liability	Differences between Expected and Actual Experiences	Changes of Assumptions	Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
Employer 1	1	393,600,000	12,464,000	1,312,000	28,864,000	42,640,000
Employer 2	2	157,500,000	4,987,500	525,000	7,750,000	13,262,500
Employer 3	3	502,200,000	15,903,000	1,674,000	25,110,000	42,687,000
Employer 4	4	752,400,000	23,826,000	2,508,000	55,176,000	81,510,000
Employer 5	5	939,300,000	29,744,500	3,131,000	46,965,000	79,840,500
Employer 6	6	25,200,000	798,000	84,000	1,848,000	2,730,000
Employer 7	7	19,800,000	627,000	66,000	1,452,000	2,145,000
Employer 8	8	20,400,000	646,000	68,000	1,496,000	2,210,000
Employer 9	9	1,112,700,000	35,235,500	3,709,000	81,598,000	120,542,500
Employer 10	10	141,300,000	4,474,500	471,000	7,065,000	12,010,500
Employer 11	11	317,100,000	10,041,500	1,057,000	23,254,000	34,352,500
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...						
...						
Employer 1497	1497	1,200,000	38,000	4,000	88,000	130,000
			950,000,000	100,000,000	21,000,000,000	22,050,000,000

Pension Expense

Employer Name	Employer Number	Net Pension Liability	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Employer 1	1	393,600,000	52,480,000	39,360	52,519,360
Employer 2	2	157,500,000	21,000,000	(15,750)	20,984,250
Employer 3	3	502,200,000	66,960,000	50,220	67,010,220
Employer 4	4	752,400,000	10,032,000	75,240	10,107,240
Employer 5	5	939,300,000	125,240,000	(93,930)	125,146,070
Employer 6	6	25,200,000	3,636,000	2,520	3,638,520
Employer 7	7	19,800,000	2,640,000	1,980	2,641,980
Employer 8	8	20,400,000	2,720,000	2,040	2,722,040
Employer 9	9	1,112,700,000	148,360,000	111,270	148,471,270
Employer 10	10	141,300,000	18,840,000	(14,130)	18,825,870
Employer 11	11	317,100,000	42,280,000	31,710	42,311,710
...					
...					
...					
Employer 1497	1497	1,200,000	160,000	120	160,120
			4,000,000,000		4,000,000,000

The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services or employment. If you are speech or hearing impaired and need assistance, call the Wisconsin Relay Service toll free at 7-1-1 or 1-800-947-3529 (English) 1-800-833-7813 (Español). If you are visually or cognitively impaired, call 1-877-533-5020 or 608-266-3285 locally. We will try to find another way to get the information to you in a usable form.

This *Employer Bulletin* is published by the Wisconsin Department of Employee Trust Funds. Questions should be directed to contact persons listed in the *Bulletin*. Employer agents may copy this *Bulletin* for further distribution to other payroll offices, subunits or individuals who may need the information. Copies of the most recent *Employer Bulletins* are available at etf.wi.gov/employers.htm