



# Employer *Bulletin*

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## **GASB 68 Update: Guidance Related to Prior Year Deferred Outflows and Inflows Amortization and Model Notes to Financial Statements**

ETF recently released the Wisconsin Retirement System's [GASB 68 disclosures \(unaudited\)](#) as of December 31, 2015 to employers. This bulletin provides additional guidance related to deferred outflows and inflows as well as model notes.

### **December 31, 2014 GASB 68 Deferred Outflows and Inflows**

Some employers are reporting that WRS's December 31, 2014 deferred outflows and inflows outstanding as of December 31, 2015 don't match balances the employers have calculated as of December 31, 2015.

In March 2016, the GASB released [GASB Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73](#). This standard addresses certain pension issues raised with respect to GASB 67, 68 and 73. Specifically, this statement addresses issues regarding the following:

1. The presentation of payroll-related measures in RSI.
2. The selection of assumptions and the treatment of deviations from Actuarial Standard of Practice guidance.
3. Classification of employer "pickups" to satisfy employee contribution requirements

ETF implemented GASB Statement No. 82 for the fiscal year ended December 31, 2015. As a result, an updated actuarial valuation was performed for December 31, 2014. The major difference in the updated actuarial valuation relates to pension expense. GASB 82 clarifies that employer pickup payments should be classified as plan member contributions and not as employer contributions. In the previous December 31, 2014 GASB 68 actuarial valuation, the employer pickups were included as part of the employer contributions.

The net effect of the GASB 82 change reduced the December 31, 2014 pension expense by \$35 million at the plan level. The change also resulted in an adjustment to the deferred outflows and inflows of resources related to the net difference between projected and actual earnings on pension plan investments. The 2014 deferred outflows and inflows of resources may be different than the originally calculated deferrals. We have added the revised 2014 GASB 68 actuarial valuation to [ETF's GASB 68 website](#).

### **Model Journal Entry**

We have updated model journal entries to account for the GASB 82 adjustment to the beginning balance. In addition, we split out the amortization of the prior year deferred inflows and outflows from the current year's pension expense and change in net pension liability into separate journal entries.

### **Model Financial Statement Notes**

We have updated the Model Financial Statement notes. The update will assist employers in taking the information provided in the GASB 68 disclosures provided by ETF and incorporate them into their financial statement notes.

### **Contact**

Please contact ETF at [daniel.gopalan@etf.wi.gov](mailto:daniel.gopalan@etf.wi.gov) or [bob.willett@etf.wi.gov](mailto:bob.willett@etf.wi.gov) if you have any questions related to GASB 68 implementation.

### **Other Resources**

- [Read the GASB 68 standard](#)
- [Read the GASB implementation guide for employers](#)
- [Get the implementation toolkit for governments](#)

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