



# GASB 68 Implementation Update

## Joint Meeting

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June 25, 2015



# GASB Statements 67 & 68

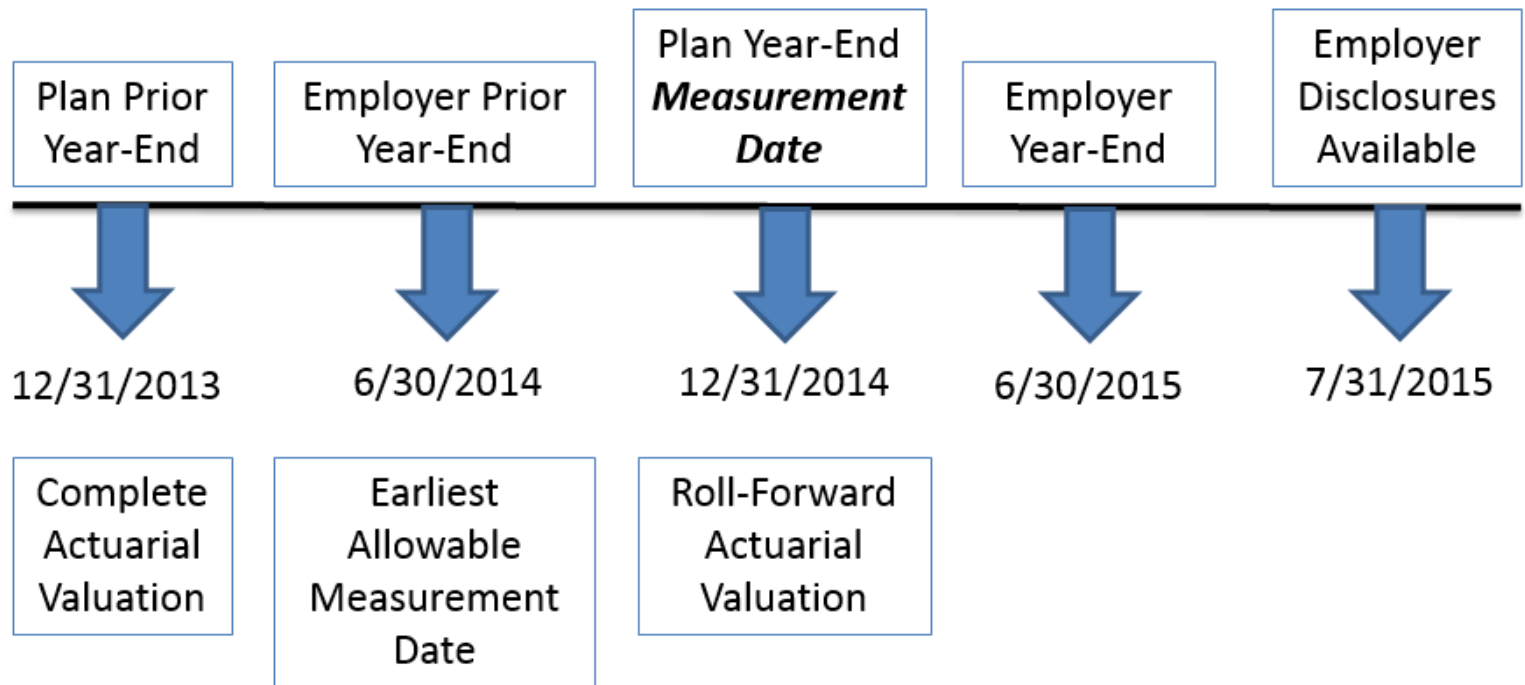
- Statement No. 67  
***Financial Reporting for Pension Plans***
  - Effective for the WRS in 2014
  - Replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended and GASB Statement No. 50, *Pension Disclosures*, as amended
- Statement No. 68  
***Accounting and Financial Reporting for Pensions***
  - effective for WRS employers in 2015
- Issued June 2012 after years of due process

# GASB Statements 67 & 68

- What they do
  - Establishes standards for public pension plans and governmental employers to measure and report on pension expense and liabilities.
- What they don't do
  - Establish standards for funding pension expenses
  - Require governments to change how they fund pension expenses.

# GASB 68 Reporting Timeline

## June 30 Year-End Employers



# 2014 Plan Valuation

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS CURRENT PERIOD

FISCAL YEAR ENDED DECEMBER 31, 2014

<b>A. Total pension liability</b>		
1. Service Cost	\$	1,757,020,910
2. Interest on the Total Pension Liability		6,090,816,038
3. Changes of benefit terms		0
4. Difference between expected and actual experience of the Total Pension Liability		437,265,852
5. Changes of assumptions		0
6. Benefit payments, including refunds of employee contributions		(4,532,183,378)
7. Net change in total pension liability	\$	3,752,919,422
8. Total pension liability – beginning		85,982,248,424
9. Total pension liability – ending	\$	<u>89,735,167,846</u>
<b>B. Plan fiduciary net position</b>		
1. Contributions – employer	\$	1,028,737,631
2. Contributions – employee		900,927,550
3. Net investment income		4,803,018,159
4. Benefit payments, including refunds of employee contributions		(4,532,183,378)
5. Pension Plan Administrative Expense		(77,649,576)
6. Other		-
7. Net change in plan fiduciary net position	\$	2,122,850,386
8. Plan fiduciary net position – beginning		89,924,746,626
9. Plan fiduciary net position – ending	\$	<u>92,047,597,012</u>
<b>C. Net pension liability</b>	\$	<u>(2,312,429,166)</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>		
		102.58%

# Proportionate Share

- Proportionate Share will be based on the three year average employer required contribution

Employer Name	2012	2013	2014	Total Contribs	Average	Percentage of Total Avg. Contributions
CLARK COUNTY	1,276,079.70	1,385,504.58	1,439,697.80	4,101,282.08	1,367,094.03	0.15335526%
DOOR COUNTY	1,128,326.47	1,284,138.97	1,347,295.22	3,759,760.66	1,253,253.55	0.14058508%
FLORENCE COUNTY	195,339.69	219,450.98	237,245.94	652,036.61	217,345.54	0.02438097%
GRANT COUNTY	967,314.80	1,082,169.73	1,171,582.62	3,221,067.15	1,073,689.05	0.12044224%
GREEN LAKE COUNTY	570,436.75	622,522.30	656,004.61	1,848,963.66	616,321.22	0.06913650%
IRON COUNTY	240,823.94	289,748.60	297,451.18	828,023.72	276,007.91	0.03096149%
JUNEAU COUNTY	672,891.78	804,784.84	846,701.92	2,324,378.54	774,792.85	0.08691323%
MONROE COUNTY	898,660.87	1,027,967.53	1,098,694.10	3,025,322.50	1,008,440.83	0.11312295%
OCONTO COUNTY	795,967.59	898,341.97	970,604.51	2,664,914.07	888,304.69	0.09964655%
PIERCE COUNTY	873,031.73	1,000,019.88	1,053,543.64	2,926,595.25	975,531.75	0.10943134%
POLK COUNTY	1,304,139.19	1,397,593.41	1,467,654.13	4,169,386.73	1,389,795.58	0.15590183%
PORTAGE COUNTY	1,554,152.81	1,748,140.10	1,890,320.76	5,192,613.67	1,730,871.22	0.19416237%
PRICE COUNTY	370,789.12	487,563.25	463,934.98	1,322,287.35	440,762.45	0.04944301%
SAUK COUNTY	1,693,200.51	1,911,040.89	2,053,596.06	5,657,837.46	1,885,945.82	0.21155803%
SAWYER COUNTY	502,735.18	566,882.42	621,381.26	1,690,998.86	563,666.29	0.06322988%
VERNON COUNTY	714,442.72	770,742.16	814,569.26	2,299,754.14	766,584.71	0.08599248%

(For illustration purposes only)

# Impact to Employers

Plan Net Pension Liability (Asset)

X employer percentage of total average contributions

= Net Pension Liability (Asset) to be reported on financial statements

C. Net pension liability \$ (2,312,429,166)

Employer Name	2012	2013	2014	Total Contribs	Average	Percentage of Total Avg. Contributions
EMPLOYEE TRUST FUNDS, DEPT OF	769,371.20	942,728.66	1,048,039.97	2,760,139.83	920,046.61	0.10320723%

**Net Pension Liability (Asset)**  
**(2,386,594.13)**



# What will the WRS Provide?



# What Will the WRS Provide?

- Available on ETF's Online Network for Employers (ONE) website
  - GASB standards
  - GASB implementation guide
  - GASB toolkit
  - ETF bulletins
  - Audit opinion
  - Multiple schedules
- By July 31, 2015
  - Needed for fiscal year employers

# What Will the WRS Provide?

- Employer Allocation percentage
- Employer proportionate share of
  - Net Pension Liability (Asset)
  - Deferred Inflows and Outflows
  - Pension Expense
- Sensitivity of Net Pension Liability (asset) to discount rate schedule
- Overall Plan Changes in Net Pension Liability Schedule
- Standard Journal Entries
- Audit Opinion – Employer Allocation Schedule
- Notes to Financial Statements
  - Model Footnote
  - Employer Specific Disclosures

# What Will the WRS Provide?

- [GASB 68 Standards](#)
  - [GASB implementation guide for employers](#)
  - [Implementation toolkit for governments](#)
  - [Employer bulletins](#)
  - Audit opinion link
  - Changes in Net Pension Liability
  - Journal entries to be used
  - Financial statement notes - to be used in conjunction with supplement located in the available schedule drop down menu
- 

This page allows you to view GASB Statement by selecting employer number and employer schedule.

Employer Schedule:  ▼

Employer Selection:  ▼

# Employer Allocation percentage

Schedule of Employer Allocations  
Calendar Year **CCYY**

Employer Name	<i>Sample Employer</i>
Employer Number	<i>9999999</i>
Employer Contributions *	<i>\$1,168,328</i>
Allocation Percentage	<i>0.13105842%</i>
Total Employer Contributions	<i>\$891,455,564</i>

\*Average Employer Contributions is calculated by taking the total of employer contributions made by employer and dividing it by the number of years of contributions

# Employer Proportionate share of Deferred Inflows and Outflows

Schedule of Pension Amounts by Employer  
Calendar Year **CCYY**

Employer Name	<i>Sample Employer</i>
Employer Number	9999999
Allocation percentage	0.02287173%
Net Pension Liability (Asset)	(901,717)
<b><u>Deferred Outflows of Resources:</u></b>	
Differences Between Expected and Actual Experiences	521,460
Net difference between Projected and Actual Investment Earnings on Pension Plan Investments	0
Changes of Assumptions	0
Changes in Proportion and Differences between employer contributions and proportionate share of contributions	15,493
Total Deferred outflows of Resources	536,953
<b><u>Pension Expense (Income):</u></b>	
Proportionate Share of Plan Pension Expense (Income)	406,400
Net Amortization of Deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	0
Total Employer Pension Expense	406,400

# Notes to Financial Statements

## Notes to the Financial Statement For the Year Ended **June 30, 2015** (Dollar amounts in thousands)

### General Information about the Pension Plan

**Plan description.** The Wisconsin Retirement System (WRS), governed by Chapter 40 of the Wisconsin Statutes, is a cost-sharing multiple-employer defined benefit pension plan. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At **June 30, 2015**, the **WRS Employer** reported a liability of **\$14,910** for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The **WRS Employer's** proportion of the net pension liability was based on the **WRS Employer's** share of contributions to the pension plan relative to the contributions of all participating school districts. At December 31, 2014, the **WRS Employer's** proportion was **0.20** percent, which was an increase of **0.01** from its proportion measured as of December 31, **2013**.

For the year ended **June 30, 2015**, the **WRS Employer** recognized pension expense of **\$2,394**. At **June 30, 2015**, the **WRS Employer** reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ <b>Insert item #4</b>	\$ <b>Insert item #5</b>
Changes in assumptions	<b>Insert item #5</b>	<b>Insert item #5</b>
Net differences between projected and actual earnings on pension plan investments	<b>Insert item #6</b>	

Insert item #1 from supplement

Insert item #14 from supplement

Insert item #1 from supplement

Insert item #3 from supplement

Insert item #13 from supplement

# Supplement to notes

## Notes to Financial Statements – Pension Disclosures

1.	Employer Name	Sample Employer
2.	Employee Covered Payroll	242,405
3.	Percentage of Total Contribution	0.00212404%
4.	Deferred outflows Diff. Between Expected and Actual Experiences	0
5.	Deferred outflows changes of assumptions	48,427
6.	Deferred outflows – Net differences between projected and actual earnings on pension plan investments	0
7.	Deferred outflows Changes in proportion and differences between Employer contributions and Proportionate Share of Contributions	0
8.	Deferred inflows – differences between expected and actual experience	103,709
9.	Deferred inflows – changes in assumptions	0
10.	Deferred inflows – Changes in proportion and differences between Employer contributions and Proportionate Share of Contributions	0
11.	1% Decrease to Discount Rate	(47,153)
12.	Current discount rate	(83,740)
13.	1% increase to discount rate	(117,935)
14.	Net Pension Liability	(83,740)
15.	Total Contributions	17,304

# What Will the WRS Not Provide?

- Covered Employee Payroll
  - Used in Schedule of Net Pension Liability and Employer Contributions
- Contributions Subsequent to Measurement Date
  - Reported as a Deferred Outflow



# What has the WRS already provided?

- Employer Bulletins
  - Status of implementation
  - What employers can expect
  - Timeline
- Several speaking engagements
  - Professional organizations
  - Retirement groups
  - Employer groups



# Questions?