



GASB 68

REPORTING REQUIREMENTS

Understanding the requirements
and the employer's responsibility

OASBO Annual Conference
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Understanding the requirements and the employer's responsibility

The Governmental Accounting Standards Board (GASB) issued two new financial reporting standards in 2012. These 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 State Teachers Retirement System of Ohio (STRS Ohio) and School Employees Retirement System of Ohio (SERS).

What is GASB 68?

GASB 68 establishes accounting and financial reporting requirements for governmental employers that provide employees with pensions. Pension plans (such as STRS Ohio and SERS) must comply with GASB 67. GASB 68 establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. These standards must be applied to employer financial reports in fiscal years beginning after June 15, 2014. For most STRS Ohio and SERS employers, this will be for fiscal years ending June 30, 2015, and later.

How will GASB 68 affect my school district?

GASB 68 will affect the way school districts (employers) prepare financial statements. GASB 68 requires employers to include a proportionate share of the retirement systems' net pension liability (NPL) and annual expense in their financial statements for fiscal years ending June 30, 2015, and later. Employers also will be required to add extensive disclosures in the notes to their financial statements.

What is the measurement date?

The measurement date is a plan valuation date selected by the employer to report their share of the NPL in their financial statements.

Employers can choose a measurement date of June 30 of the prior or current fiscal year. The decision to use either prior or current fiscal year values is permanent and cannot be changed. For example, if an employer uses prior fiscal year values for their 2015 financial statements, they must continue to use prior fiscal year values each year thereafter.

NPL figures as of June 30, 2013, will be made available to employers to use as a beginning balance for fiscal year 2015 (July 1, 2014-June 30, 2015). Employers will use this information when determining the prior period adjustment and calculating the roll forward values.

How do I prepare for the impact to my school district?

The first step in preparing to implement GASB 68 standards is to understand the scope of the impact and be aware of the possible magnitude of the NPL figure your district must disclose.

If you haven't done so already, district treasurers and/or controllers need to calculate preliminary estimates of your district's proportionate share of total NPL. In addition, while STRS Ohio and SERS are committed to working collaboratively to provide district representatives with as much information as possible, it is still the district's responsibility to ensure that these standards are implemented appropriately and according to GASB's requirements.

To assist you in responding to board, stakeholder, taxpayer, media, and other interested party concerns, we have developed a document titled *Five Things You Need to Know about GASB Reporting Standards*. A copy of this document is attached.

How is NPL calculated?

Net pension liability is calculated as the difference between the plan's net assets and the total obligations to plan participants as of a specific measurement date.

To obtain an estimate of your proportionate share of STRS Ohio's NPL, visit the GASB 68 calculator on STRS Ohio's employer website at www.strsoh.org/employer. The calculator is located on the bottom left side of the page under "Calculators."

To calculate an estimate of your proportionate share of SERS' NPL, simply multiply your SERS payroll by 1.75.

The following model shows actual total share of NPL to be reported by a K-12 city school district with approximately \$133 million in total annual payroll



What information will be provided by STRS Ohio and SERS to assist me in meeting these requirements?

STRS Ohio and SERS will prepare and provide an allocation schedule and a pension amount schedule to assist employers with the preparation of their financial statements. Sample statements can be found on Pages 5-6. STRS Ohio will provide each employer with their own schedules. For SERS, the entire schedule will be posted to our website.

Sample Schedule of Employer Proportionate Shares

STATE TEACHERS RETIREMENT SYSTEM OF OHIO
 Sample Schedule of Employer Proportionate Share
 June 30, 2014

Employer Name	Employer Number	2014 FY Employer Contributions	Employer Allocation Percentage
Employer 1	Cxx1	\$ 18,239,346	1.2751064%
Employer 2	Cxx2	7,606,860	0.5317930%
Employer 3	Cxx3	23,298,683	1.6288029%
Employer 4	Cxx4	36,805,379	2.5730514%
Employer 5	Cxx5	43,072,685	3.0111966%
Employer 6	Dxx1	300,602	0.0210150%
Employer 7	Dxx2	55,588	0.0038862%
Employer 8	Dxx3	15,174	0.0010608%
Employer 9	9xx1	62,986,095	4.4033362%
Employer 10	9xx2	7,669,450	0.5361686%
Employer 11	9xx3	16,550,134	1.1570142%
...			
...			
...			
Employer 1191	xx93	\$ 52,388	0.0036625%
Grand Total		\$ 1,430,417,560	100.0000000%

Sample Schedule of Pension Amounts by Employer

STATE TEACHERS RETIREMENT SYSTEM OF OHIO
Sample Schedule of Pension Amounts by Employer
 As of and for the year ended June 30, 20X4

Employer Name	Number	Net Pension Liability	Deferred Outflows of Resources						Deferred Inflow of Resources						Pension Expense				
			Net Difference Between Projected and Actual			Changes in Proportion Between Employer Contributions and Proportionate Share of			Net Difference Between Projected and Actual			Changes in Proportion Between Employer Contributions and Proportionate Share of			Proportionate Share of Pension Expense	Total Employer Pension Expense			
			Differences Between Expected and Actual Experience	Investments	Changes of Assumptions	Differences Between Expected and Actual Experience	Investments	Changes of Assumptions	Differences Between Expected and Actual Experience	Investments	Changes of Assumptions	Deferred Outflows of Resources	Total Deferred Inflows of Resources						
Employer 1	Cxx1	\$ 310,150,005	2,985,867	0	0	0	0	57,378,927	0	0	0	0	57,378,927	14,328,646	0	14,328,646	0	14,328,646	
Employer 2	Cxx2	129,350,462	1,245,279	0	0	0	0	23,930,326	0	0	0	0	23,930,326	5,975,873	0	5,975,873	0	5,975,873	
Employer 3	Cxx3	396,181,234	3,814,105	0	0	0	0	73,295,030	0	0	0	0	73,295,030	18,303,210	0	18,303,210	0	18,303,210	
Employer 4	Cxx4	625,855,148	6,025,215	0	0	0	0	115,785,575	0	0	0	0	115,785,575	28,913,934	0	28,913,934	0	28,913,934	
Employer 5	Cxx5	732,427,224	7,051,203	0	0	0	0	135,501,813	0	0	0	0	135,501,813	33,837,466	0	33,837,466	0	33,837,466	
Employer 6	Dxx1	5,111,575	49,210	0	0	0	0	945,661	0	0	0	0	945,661	236,150	0	236,150	0	236,150	
Employer 7	Dxx2	945,258	9,100	0	0	0	0	174,876	0	0	0	0	174,876	43,670	0	43,670	0	43,670	
Employer 8	Dxx3	258,023	2,484	0	0	0	0	47,735	0	0	0	0	47,735	11,920	0	11,920	0	11,920	
Employer 9	9xx1	1,071,043,753	10,311,122	0	0	0	0	198,147,155	0	0	0	0	198,147,155	49,481,239	0	49,481,239	0	49,481,239	
Employer 10	9xx2	130,414,759	1,255,525	0	0	0	0	24,127,225	0	0	0	0	24,127,225	6,025,042	0	6,025,042	0	6,025,042	
Employer 11	9xx3	281,425,895	2,709,335	0	0	0	0	52,064,858	0	0	0	0	52,064,858	13,001,618	0	13,001,618	0	13,001,618	
...																			
...																			
Employer 1191	x093	890,847	8,576	0	0	0	0	164,810	0	0	0	0	164,810	41,156	0	41,156	0	41,156	
Grand Total		\$ 24,323,460,773	234,166,130	0	0	0	0	4,499,932,461	0	0	0	0	4,499,932,461	1,123,721,574	0	1,123,721,574	0	1,123,721,574	

When will I receive the schedules?

For STRS Ohio and SERS, if an employer chooses to use a prior fiscal year measurement date (June 30, 2014), the required information to be in compliance with GASB 68 is expected to be available by late May, if not sooner. If a current fiscal year measurement date (June 30, 2015) is preferred, required information will not be available from STRS Ohio or SERS until early calendar year 2016.

Where can I find the schedules?

For STRS Ohio, all schedules will be available in the “Documents” tab of Employer Self Service (ESS).

SERS’ schedules will be posted under the “GASB 68” tab in the Employers Section on the website (www.ohsers.org/gasb-68).

Is there sample language for inclusion in financial statements available for employer reference?

Sample language to include in district financial statements is being prepared by the Ohio retirement systems in conjunction with the auditor of state. Once final language is approved, STRS Ohio and SERS will make it available to employers.

How will this impact this year’s audit procedures?

Your district may have been chosen this year as part of a random sample for census data testing conducted by the auditor of state. At this point in time, if you haven’t been asked to participate in the census data testing, you will not be required to do so this year.

How will this impact future years’ audit procedures?

The auditor of state is working with independent auditors to coordinate and conduct census data testing beginning in the 2016 fiscal year (July 1, 2015-June 30, 2016). Additional details and selection of employers will be available early in the next fiscal year.

STRS Ohio and SERS are committed to educating employers about GASB 68 standards and required procedures.

Be sure to visit the GASB Resources section of STRS Ohio's employer website and the Employers Section on SERS employer website. If you have additional questions, please feel free to contact us.



**STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO**

Call toll-free: 1-888-535-4050
Email: report@strsoh.org
Website: www.strsoh.org/employer



**SCHOOL EMPLOYEES
RETIREMENT SYSTEM
OF OHIO**

Call: 1-614-340-1823
Email: SERGASBreports@ohsers.org
Website: www.ohsers.org/employers-home