

OkMRF
SAMPLE ENTRIES FOR GASB 68 IMPLEMENTATION FOR FYE 2015
MEASUREMENT DATE OF JULY 1, 2014
SAMPLE CITY, OKLAHOMA

NOTES:

Sample City must determine appropriate internal allocation methods to record the related GASB 68 transactions. The Proprietary Funds' allocations will be at each fund level and the remaining allocation will be at the Government-wide level to the various departments or activities. Discuss your internal method to use for the allocation with your auditor, establishing an internal method that is representative of your group of employees creating the pension expense and net pension liability.

Let's assume the results of your allocation method are as follows:

General Fund		
General Government	28%	
Streets	36%	
		64%
Utility Authority		
Water	18%	
Wastewater	18%	
	<u>100%</u>	36%

example

FY 2015 Employer Contributions only are \$48,000



		Government Wide- Governmental Activities		Proprietary Fund @ Fund Level		Totals		
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
PPA-1	Net Position, PPA, June 30, 2014	121,839		68,534		190,373		PPA-1
	Net Pension Liability, PPA, June 30, 2014		121,839		68,534		190,373	
	To record the Beginning Net Pension Liability as of June 30, 2014 as PPA. Reference: Exhibit 1							
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PPA-2	Deferred Outflows	28,586		16,080		44,666		PPA-2
	Net Position, PPA, June 30, 2014		28,586		16,080		44,666	
	To record the FY 2014 Employer Contributions as Deferred Outflows as PPA. Reference: Exhibit 1							

2015									
AJE-1	Pension Expense for General Government	9,474						9,474	
	Pension Expense for Streets	12,180						12,180	AJE-1
	Pension Expense Water			6,090				6,090	\$33,834
	Pension Expense Wastewater			6,090				6,090	
	Net Pension Liability (net change for year)	61,612		34,656				96,268	AJE-1
	Deferred Inflows		54,679			30,757		85,436	AJE-1
	Deferred Outflows		28,586			16,080		44,666	AJE-1
								<u>130,102</u>	<u>130,102</u>

To record the Pension Expense for FY 2015, remaining balance of Deferred Inflows, and reversal of beginning of year FY 2014 Employer contributions.

Reference:

Pension Expense, Exhibit 4

Net Pension Liability, Exhibit 1 (off \$1 rounding)

Deferred Inflows, Exhibit 5

Reversal of Beginning Balance of Deferred Inflows, PPA-2, FY 2014 Employer Contributions

example

2015									
AJE-2	Deferred Outflows-FY 2015	30,720		17,280				48,000	
	Pension Expense for General Government (employer contributions)		13,440					13,440	
	Pension Expense for Streets (employer contributions)		17,280					17,280	
	Pension Expense Water (employer contributions)				8,640			8,640	
	Pension Expense Wastewater (employer contributions)				8,640			8,640	
								<u>48,000</u>	<u>48,000</u>

To record and reclass FY 2015 Employer Contributions as Deferred Outflows.

	Government Wide-Governmental Activities		Proprietary Fund @ Fund Level		Totals	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
FY 2015 ENDING BALANCES:						
Pension Expense for General Government	9,474				9,474	
Pension Expense for Streets	12,180				12,180	
Pension Expense Water			6,090		6,090	
Pension Expense Wastewater			6,090		6,090	
Deferred Outflows-2015 Contributions to OkMRF	30,720		17,280		48,000	
Deferred Inflows-Unamortized Investment (Gains)		54,679		30,757		85,436
Net Pension Liability (\$1 rounding)		60,227		33,878		94,105

**Oklahoma Municipal Retirement Fund
Employee Retirement System of [REDACTED]**

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Net Fiduciary Position	Net Pension Liability
Balance at 7/1/2013	\$ 1,323,819	\$ 1,133,446	\$ 190,373 ← PPA-1
Changes for the Year:			
Service cost	31,053		31,053
Interest cost	101,743		101,743
Difference between expected and actual experience	0		0
Contributions -- Employer		44,666	(44,666) ← PPA-2
Contributions -- Employee		15,141	(15,141) ← AJE-1
Net investment income		183,960	(183,960)
Benefit payments, including refunds of employee contributions	(85,726)	(85,726)	0
Benefit changes due to plan amendments	11,983		11,983
Administrative expense		(2,721)	2,721
Other changes			0
Net changes	<u>59,053</u>	<u>155,320</u>	<u>(96,268)</u> ← AJE-1
Balance at 7/1/2014	<u>\$ 1,382,872</u>	<u>\$ 1,288,766</u>	<u>\$ 94,106</u>

SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Total Pension Liability	\$ 1,517,641	\$ 1,382,872	\$ 1,267,324
Plan Net Fiduciary Position	1,288,766	1,288,766	1,288,766
Net Pension Liability	<u>\$ 228,875</u>	<u>\$ 94,106</u>	<u>\$ (21,442)</u>



The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% (see Exhibit 10), as prescribed by paragraph 26 of GASB 68 when the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The employer has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, in accordance with paragraph 29, the evaluations required by paragraph 27 to determine the sufficiency pension plan assets can be made without a separate projection of cashflows.

Oklahoma Municipal Retirement Fund
Employee Retirement System of [REDACTED]
PENSION EXPENSE

Service Cost	\$	31,053
Interest Cost		101,743
Expected Return on Plan Investments		(77,165)
Administrative Expenses		2,721
Contributions -- Employee		(15,141)
Amortization of Deferred (Inflows) and Outflows		
Actuarial (gains) and losses		0
Changes in assumptions		0
Investment (gains) and losses		(21,359)
Benefit Changes Due to Plan Amendments		11,983
Pension Expense for Fiscal 2015	\$	33,834



AJE-1



**Oklahoma Municipal Retirement Fund
Employee Retirement System of [REDACTED]**

AMORTIZATION OF DEFERRED (INFLOWS) AND OUTFLOWS

	Fiscal Year Established	Deferred (Inflow)/Outflow	Amortization Years	Balance before Current Recognition	Current Recognition	Balance after Current Recognition
Actuarial (gains)/losses						
	2015	\$ 0	N/A	\$ 0	\$ 0	\$ 0
Total current recognition					<u>\$ 0</u>	
Remaining deferred (inflows)						\$ 0
Remaining deferred outflows						\$ 0
Changes in assumptions						
	N/A					
Total current recognition						
Remaining deferred (inflows)						\$ 0
Remaining deferred outflows						\$ 0
Investment (gains)/losses						
	2015	\$ (106,795)	5	\$ (106,795)	\$ (21,359)	\$ (85,436)
Total current recognition					<u>\$ (21,359)</u>	
Remaining deferred (inflows)						\$ (85,436)
Remaining deferred outflows						\$ 0



AJE-1

Amounts reported as deferred (inflows) of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal 2016	\$ (21,359)
Fiscal 2017	(21,359)
Fiscal 2018	(21,359)
Fiscal 2019	(21,359)
Fiscal 2020	0
Thereafter	0