

**OkMRF**  
**SAMPLE ENTRIES FOR GASB 68 FYE 2017**  
**MEASUREMENT DATE OF JULY 1, 2016 - Year 3**  
**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%	36%
	100%	

example

*The numbers referenced A to I are cross-referenced to Exhibits 1 -5 of the Accounting Valuation Report for GASB 68.*

FY 2016 **Actual** Employer Contributions were \$56,779 vs the estimate of \$60,000 in previous year's sample entries

FY 2017 **Estimated** Employer Contributions \$67,000

(B)  
(J)

**AJE-1**

	Government Wide- Governmental Activities		Proprietary Fund @ Fund Level		Totals	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Pension Expense for General Government	29,691				29,691	
Pension Expense for Streets	38,175				38,175	
Pension Expense Water			19,087		19,087	
Pension Expense Wastewater			19,087		19,087	
Net Pension Liability (net change for year)						
To record the net change to Net Pension Liability for FY 2016.		106,040		38,174		106,040
						(A)

**AJE-2**

Pension Expense for General Government	15,898	-			15,898	
Pension Expense for Streets	20,441	-			20,441	
Pension Expense Water			10,220		10,220	
Pension Expense Wastewater			10,220		10,220	
Deferred Outflows-Contributions (FYE 2016 actual)	-	36,339		20,440		56,779
To reverse last year's entry for FY 2016 Employer Contributions as Deferred Outflows for the actual amount vs estimate of \$60,000 in prior year example.						(B)
						56,779

		Government Wide- Governmental Activities		Proprietary Fund @ Fund Level		Totals		
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
<b>AJE-3</b>								
Deferred <b>Outflows</b> -actuarial loss 2017	44,878	28,723		16,156		44,879		
Pension Expense for General Government			12,566				12,566	
Pension Expense for Streets			16,157				16,157	
Pension Expense Water					8,078		8,078	
Pension Expense Wastewater					8,078		8,078	
To record Deferred Outflows for Actuarial loss 2017.								C
<b>AJE-4</b>								
Pension Expense for General Government		2,662				2,662		
Pension Expense for Streets		3,423				3,423		
Pension Expense Water				1,711		1,711		
Pension Expense Wastewater				1,711		1,711		
Deferred <b>Outflows</b> -actuarial loss 2017	9,508		6,085		3,423		9,508	
To record current year amortization of 2017 Deferred Outflow for actuarial loss.								D
<b>AJE-5</b>								
Pension Expense for General Government		2,290				2,290		
Pension Expense for Streets		2,945				2,945		
Pension Expense Water				1,472		1,472		
Pension Expense Wastewater				1,472		1,472		
Deferred <b>Outflows</b> -actuarial loss 2016	8,179		5,235		2,944		8,179	
To record current year amortization of 2016 Deferred Outflow for actuarial loss.								E
<b>AJE-6</b>								
Deferred <b>Outflows</b> -investment loss 2017	85,743	54,875		30,868		85,743		
Pension Expense for General Government			24,008				24,008	
Pension Expense for Streets			30,867				30,867	
Pension Expense Water					15,434		15,434	
Pension Expense Wastewater					15,434		15,434	
To record Deferred Outflows for Investment loss 2017.								F

	Government Wide- Governmental Activities		Proprietary Fund @ Fund Level		Totals		
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
<b>AJE-7</b>							
Pension Expense for General Government	4,802				4,802		
Pension Expense for Streets	6,173				6,173		
Pension Expense Water			3,087		3,087		
Pension Expense Wastewater			3,087		3,087		
Deferred <b>Outflows</b> -Investment loss 2017		17,149					
To record current year amortization of 2017 Deferred Outflow for investment loss.			10,975			6,174	17,149
							<b>G</b>
<b>AJE-8</b>							
Pension Expense for General Government	3,130				3,130		
Pension Expense for Streets	4,024				4,024		
Pension Expense Water			2,012		2,012		
Pension Expense Wastewater			2,012		2,012		
Deferred <b>Outflows</b> -Investment loss 2016		11,178					
To record current year amortization of 2016 Deferred Outflow for investment loss.			7,154			4,024	11,178
							<b>H</b>
<b>AJE-9</b>							
Pension Expense for General Government		5,981				5,981	
Pension Expense for Streets		7,688				7,688	
Pension Expense Water				3,845		3,845	
Pension Expense Wastewater				3,845		3,845	
Deferred <b>Inflows</b> -investment gains 2015		21,359					
To record current year amortization of 2015 Deferred Inflow from investment gains.			13,669		7,690		21,359
							<b>I</b>
<b>AJE-10</b>							
Deferred <b>Outflows</b> -Contributions (FYE 2017 Estimated Er Conti	42,880			24,120		67,000	
Pension Expense for General Government		18,760				18,760	
Pension Expense for Streets		24,120				24,120	
Pension Expense Water					12,060	12,060	
Pension Expense Wastewater					12,060	12,060	
To record Er contributions made for FY 2017 as deferred outflow. This is an estimate of \$67,000.							
		67,000					<b>J</b>

**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
<b>Balance at 7/1/2015</b>	\$ 1,468,691	\$ 1,306,705	\$ 161,986
<b>Changes for the Year:</b>			
Service cost	38,102		38,102
Interest cost	108,990		108,990
Difference between expected and actual experience	44,878		44,878
Contributions -- Employer		56,779	(56,779)
Contributions -- Employee		21,325	(21,325)
Net investment income		10,362	(10,362)
Benefit payments, including refunds of ee contributions	(127,117)	(127,117)	0
Benefit changes due to plan amendments	0		0
Administrative expense		(2,536)	2,536
Other changes			0
<b>Net changes</b>	<b>64,853</b>	<b>(41,187)</b>	<b>106,040</b>
<b>Balance at 7/1/2016</b>	<b>\$ 1,533,544</b>	<b>\$ 1,265,518</b>	<b>\$ 268,026</b>

**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	\$ 1,685,082	\$ 1,533,544	\$ 1,406,044
Plan Net Fiduciary Position	1,265,518	1,265,518	1,265,518
<b>Net Pension Liability</b>	<b>\$ 419,564</b>	<b>\$ 268,026</b>	<b>\$ 140,526</b>

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]**

**RECONCILIATION OF TOTAL PENSION LIABILITY**

Total Pension Liability at 7/1/2015	\$ 1,468,691
Service Cost	38,102
Interest Cost	108,990
Benefit Payments	<u>(127,117)</u>
Projected Total Pension Liability at 7/1/2016	\$ 1,488,666
Benefit Changes Due to Plan Amendments	0
Actuarial (Gain)/Loss	<u>44,878</u>
Total Pension Liability at 7/1/2016	<u><u>\$ 1,533,544</u></u>



If there was an amendment, it is briefly described here.

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

**RECONCILIATION OF PLAN NET FIDUCIARY POSITION**

Market Value of Assets at 7/1/15	\$	1,306,705
Contributions -- Employer		56,779
Contributions -- Employee		21,325
Net Investment Income		10,362
Benefit Payments		(127,117)
Administrative Expenses		(2,536)
		<hr/>
Market Value of Assets at 7/1/16	\$	<u>1,265,518</u>



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

**PENSION EXPENSE**

Service Cost		\$	38,102
Interest Cost			108,990
Expected Return on Plan Investments			(96,105)
Administrative Expenses			2,536
Contributions -- Employee			(21,325)
Amortization of Deferred (Inflows) and Outflows			
Actuarial (gains) and losses			17,687 <b>(D) + (E)</b>
Changes in assumptions			0
Investment (gains) and losses	<b>(H) + (G) + (I)</b>		6,968
Benefit Changes Due to Plan Amendments			0
Pension Expense for Fiscal 2017		\$	<u>56,853</u>

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

**AMORTIZATION OF DEFERRED (INFLOWS) AND OUTFLOWS**

	<b>Fiscal Year Established</b>	<b>Deferred (Inflow)/Outflow</b>	<b>Amortization Years</b>	<b>Balance before Current Recognition</b>	<b>Current Recognition</b>	<b>Balance after Current Recognition</b>
<b>Actuarial (gains)/losses</b>						
	2015	\$ 0	N/A	\$ 0	\$ 0	\$ 0
	2016	28,299	3.46	20,120	8,179 <b>E</b>	11,941
	2017	44,878	4.72	44,878	9,508 <b>D</b>	35,370
Total current recognition		<b>C</b>			\$ 17,687	
Remaining deferred (inflows)						\$ 0
Remaining deferred outflows						\$ 47,311
<b>Changes in assumptions</b>						
	N/A					
Total current recognition						\$ 0
Remaining deferred (inflows)						\$ 0
Remaining deferred outflows						\$ 0
<b>Investment (gains)/losses</b>						
	2015	\$ (106,795)	5	\$ (64,077)	\$ (21,359) <b>I</b>	\$ (42,718)
	2016	55,890	5	44,712	11,178 <b>H</b>	33,534
	2017	85,743	5	85,743	17,149 <b>G</b>	68,594
Total current recognition					\$ 6,968	
Remaining deferred (inflows)		<b>F</b>				\$ (42,718)
Remaining deferred outflows						\$ 102,128

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

Fiscal 2018	\$ 24,655
Fiscal 2019	20,238
Fiscal 2020	37,835
Fiscal 2021	23,993
Fiscal 2022	0
Thereafter	0