




Instructions for Completing GASB 68 Conversion



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Introduction



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GASB 68 Implementation – Year 2

- Virtually all GASB 68 related tabs within the 2015 financial statement template were replaced in the 2016 template that OSF issued at the beginning of September 2016.
- All GASB 68 related tabs are now purple in color.
 - Dark purple – to be used by all LEAs, RESAs, and MCVCs.
 - Light purple – to be used only by fiscal agents, RESAs, and MCVCs.

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GASB 68 Implementation – Year 2

- If you are an LEA that does not act as a fiscal agent for a RESA or MCVC, you can ignore the light purple tabs in the Excel template.
 - **DO NOT delete or alter the light purple tabs**
 - The light purple tabs must remain in the file to allow the template's links to work properly.

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GASB 68 Implementation – Year 2

- New flow of information:
 - FY15 – the template was NOT initially designed to break out RESA and MCV C activity from the fiscal agent balances reported on the GASB 68 audited schedules. Many manual linking changes were required to achieve appropriate results for fiscal agents, RESAs, and MCV Cs.
 - FY16 – the template now incorporates the fiscal agent/RESA/MCV C breakdown at the front end.
 - Leaving zeros in the light purple tabs will essentially allocate none of the GASB 68 balances to a RESA/MCV C.
 - This allows the template to accommodate GASB 68 conversions for all counties, RESAs, and MCV Cs.

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Reissued GASB 68 Schedules

- CPRB and their auditors are reissuing the 2014 GASB 68 schedules.
- The previous GASB 68 schedules did not include consideration of additional contributions by the State to fund TRS up to the actuarially determine Annual Required Contribution (ARC) or any of the State's payments that exceeded the ARC.
- The additional funding to reach the ARC was allocated in the contribution schedules directly to the State's UAAL or ARC line. This reduced the proportion of all employers in the plan and increased the State's proportion (when compared to the 2014 schedules issued in November 2015).
 - The revision caused the need for restated GASB 68 schedules since everyone's proportions changed.
 - Affects the allocated pension amounts for the 2014 measurement period only.

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Reissued GASB 68 Schedules

- CPRB and their auditors determined that the amount of the State's payment over the ARC does not meet the definition of a special funding situation since the State was only legally responsible for funding the Plan up to the ARC in any given year.
- Since the overpayment is not part of the special funding situation, it is allocated to each individual employer and non-employer contributing entity to prevent the overpayment from having an effect on the allocation percentages used to determine employers' proportionate share of allocable pension amounts.
- If the entire overpayment was allocated to the State, it would have inappropriately increased the State's proportionate share of pension amounts, even though the overpayment is effectively decreasing the State's NPL (or future ARC contributions).

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Effect of Restatement

- **A separate template is being provided to you for calculating the affect of the 2014 restatement on your beginning Net Position (7/1/2015).**
- It will be up to each county and their auditors to determine whether they consider the restatement of beginning balances as material enough for a restatement of beginning net position.
- If you determine the restatement is NOT material, the restatement will run through pension expense in JE# U4. How to accomplish this is covered later in the presentation.

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New On-Behalf Revenue to Balance Conversion Entry U4

- OSF tested each draft of the GASB 68 schedules to ensure boards of education would be able to record the GASB 68 activity with balanced conversion entries.
- While progressing the revised GASB 68 balances for Harrison County from implementation through 6/30/16, we determined that the State payment over the ARC is causing a direct effect on NPL that is not being recognized as revenue for on-behalf payments at the district-wide level for the county boards of education.
- Since the overpayment is outside of the special funding situation, it cannot be included in the "GASB 68 State Aid Support" calculation (GASB 68 Paragraphs 94 & 95).

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New On-Behalf Revenue to Balance Conversion Entry U4 (Continued)

- Additional revenue for on-behalf payments must be recorded in FY16 due to the allocation of the State's FY15 payment in excess of the ARC.
- On-behalf expense is not recorded because the overpayment did not affect pension expense. Instead, the overpayment flushed through as a reduction of NPL that is already being accounted for in the GASB 68 schedules.
- In order to balance conversion entry U4, counties will now have to book on-behalf revenue for Unrestricted State Aid. Conversion entry U4 will do this for you once we update the Excel template using the steps contained in the following slides.

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Revisions to the Excel Template

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Revisions to the Excel Template

- The original Excel template for FY16 did not include considerations for the on-behalf revenue amount needed to balance conversion entry U4.
- Instead of revising the blank template and sending it out to counties, we are providing step-by-step instructions for revising your own template to incorporate the new on-behalf revenue.
- Revising your own template prevents you from having to key all of your original financial statement information into an updated template.
- However, an updated template is available.

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Steps for Revising Excel Template

1. Open all 3 of your financial statement files (Excel, Notes, & MD&A) and save them as new copies in a separate folder. I suggest using “with GASB 68” at the end of the file names. This will preserve links and backup your original files in case something goes wrong during the GASB 68 conversion. Please keep the new Word files open while making the following changes to the Excel template.

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Steps for Revising Excel Template

2. DW St of Activities tab:
 - a. Unprotect the worksheet (password: BOE2016)
 - b. Link the prior period adjustment cell (should be G39) to the difference amount in the reconciliation of entry U1 that is in the margin on the “JEs” tab (s/b around cell I226).

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Steps for Revising Excel Template

3. JEs tab:

- Unprotect the worksheet (password: BOE2016)
- Change the account title for the last line of conversion entry U4 to “GENERAL REVENUE – UNRESTRICTED STATE AID.”
- Locate the Excel file titled “Restatement of Beg GASB 68 Balances – FY16” and navigate to tab 4 (Net Effect of Restatement). Copy the table from the range I28:J31 and paste it in the JEs tab five rows above the current table located in the right-hand margin of conversion entry U4 (this should leave one row between the bottom of the new table and the top of the existing table).

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Steps for Revising Excel Template

3. JEs tab (continued):

- Change the formula for pension expense in the margin of conversion entry U4 (column H cell titled “Total allocated pension expense per GASB 68”) to include the pension expense amounts from the new table added in step 3.b., above.
 - Note that the updated formula will need to subtract the amounts in the new table (not add).
 - The formula should be updated in three separate places: the LEA section, MCVV section, and RESA section.
- In the “Summary of entries to pension expense” section below the last conversion entry, delete the last two cell references in the formula for the row titled “JE #4 – to record current year GASB 68 activity per audited schedules.”

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Steps for Revising Excel Template

4. TrialBal tab:

- Unprotect the worksheet (password: BOE2016)
- Scroll down to the “Expenditures – Instruction” account and go to the “U4” line of the conversion entry columns (blue highlighted columns). Remove the end of the formula in both cells of columns F and H (the “+” and everything to the right of it).

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Steps for Revising Excel Template

4. TrialBal tab (continued):

- Scroll back up to the “GENERAL REVENUE – UNRESTRICTED STATE AID” account and insert a blank row just above the U5 JE line.
 - Type “U4” in column G of the new row.
 - Link column F of the new row to the debit of the last line of conversion entry U4 on the JEs tab.
 - Link column H of the new row to the credit of the last line of conversion entry U4 on the JEs tab.
 - Update the progressed balance of the “GENERAL REVENUE – UNRESTRICTED STATE AID” account (formula in column M) to include the new entries from U4.

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Understanding the GASB 68 Schedules

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Understanding the GASB 68 Schedules

- The reports, collectively referred to as the “audited GASB 68 schedules,” consist of the following reports:
 - Schedule of Employer Allocations
 - Schedule of Pension Amounts by Employer
 - Note Disclosures

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Understanding the GASB 68 Schedules

- Schedule of Employer Allocations:
 - Previously only reported:
 - A column for cash contributions with adjustments for over/under utilization of State Aid
 - A column for the employers' calculated allocation percentage (employer contributions divided by total contributions on the schedule).
 - Contributions were based upon total contributions to the plan with no consideration of whether the contributions by the State were above or below the ARC.

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Understanding the GASB 68 Schedules

- Schedule of Employer Allocations:
 - Currently reporting:
 - “Employer Contributions” – represents cash contributions plus any cumulative adjustments for over/under utilization of State Aid
 - “State Payment Made ‘On Behalf’ of employers” – represents the amount of the State’s payment to fund the plan that exceeded the Plan level ARC
 - The total “on behalf” payment is proportionately allocated to individual employers based upon the proportion of their employer contributions to total employer contributions.
 - Due to the allocation method, there is no change in the individual employer allocation percentages whether you use “employer contributions,” “state payment made ‘on behalf’ of employers,” or “total employer contributions” as the basis for calculating the percentages.
 - “Total Employer Contributions” – represents the total of the first two columns.

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Understanding the GASB 68 Schedules

- Schedule of Employer Allocations:
 - Cause for restatement of 2014 schedules:
 - Although the allocation percentages do not change whether you use “employer contributions,” “state payment made ‘on behalf’ of employers,” or “total employer contributions” as the basis for calculating the percentages, there was an additional ARC payment made by the State to the TRS which was not accounted for in the 2014 schedules.
 - Original drafts of the schedules placed the entire additional payment in the “State of WV (Non-Employer Contributing Entity) – Unfunded Liability” line, essentially placing more of the allocated pension amounts on the State’s financial statements.

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Understanding the GASB 68 Schedules

- CPRB and their auditors reached out for guidance from GASB. Their conclusion was that the State’s payment over and above the Plan’s ARC should be allocated proportionately to the individual employers (essentially resulting in employer allocations that are based upon the ARC).
- Without that allocation, the revised schedules would have resulted in lower allocation percentages for all employers and a higher allocation percentage for the State
- The employer contribution for 2014 only changed for one entity, the State of WV – ARC.

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Understanding the GASB 68 Schedules

- For example, the FY14 employer contribution for the State of WV – ARC increased from \$319,327,464 to \$347,178,075 (an increase of \$27,850,611).
- For FY14 the total employer contribution also increased by \$27,850,611.
- The significant increase in the denominator without a proportionate increase in each employer's contribution results in a lower allocation percentage for all employers other than the State.
- Kanawha County BOE's FY14 allocation percentage in the original audited schedule was 0.318565%, but decreased by .018162% to 0.300403% in the revised schedule.
- However, if the entire payment over the ARC had been applied to the state, the total contributions to the plan (denominator) would have increased by \$25,737,000. That would have caused Kanawha County's allocation percentage to decrease from the revised percentage of 0.300403% to 0.285369%.

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Understanding the GASB 68 Schedules

- The Schedule of Pension Amounts by Employer reports the following information:
 - Net Pension Liability
 - Deferred Outflows of Resources:
 - Net difference between projected and actual investment earnings on pension plan investments
 - Changes in proportion and difference between employer contributions and proportionate share of contributions
 - Deferred Inflows of Resources:
 - Net difference between projected and actual investment earnings on pension plan investments
 - Differences between expected and actual experience
 - Changes in proportion and difference between employer contributions and proportionate share of contributions

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Understanding the GASB 68 Schedules

- Pension expense excluding that attributable to employer-paid member contributions:
 - Proportionate share of allocable pension expense
 - Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions
 - Total employer pension expense excluding that attributable to employer-paid member contributions

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Understanding the GASB 68 Schedules

- **Net Pension Liability (NPL):**
 - Calculated by multiplying the Plan level total NPL by the employer allocation percentage. The Plan level NPL is determined by CPRB's actuary.
- **Deferred Outflows of Resources - Net difference between projected and actual investment earnings on pension plan investments:**
 - Calculated by multiplying the Plan level total by the employer allocation percentage and then amortizing one year of the balance (5 year period). The Plan level total is determined by CPRB's actuary.

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Understanding the GASB 68 Schedules

- **Deferred Outflows of Resources - Changes in proportion and difference between employer contributions and proportionate share of contributions:**
 - An increase in the employer's allocation percentage (proportion) from the previous year to the current year results in an increase in pension expense and a deferred outflow of resources.
 - This balance is essentially made up of two amounts:
 - Unamortized balance for prior year changes in proportion and differences between employer contributions and proportionate share of contributions
 - Current year difference between the beginning pension balances (prior year NPL + net deferred amounts) less one year of amortization (amortized over the average remaining service life in years)

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Understanding the GASB 68 Schedules

- **Deferred Outflows of Resources - Changes in proportion and difference between employer contributions and proportionate share of contributions (Continued):**
 - This value is complicated to calculate because each year's balance must be tracked and amortized annually.
 - For instance, the FY14 unamortized balances for changes in proportion are rolled into the FY15 schedules and amortized for a second year. The new FY15 change in proportion is also calculated, amortized for its first year, and added to the cumulative balance. In FY16, the unamortized balances from FY14 and FY15 are carried to the FY16 balance and amortized an additional year. This continues until years begin to fall off (approximately 6 years).

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Understanding the GASB 68 Schedules

- **Deferred Inflows of Resources - Net difference between projected and actual investment earnings on pension plan investments:**
 - Calculated by multiplying the Plan level total by the employer allocation percentage and then amortizing one year of the balance (5 year period). The Plan level total is determined by CPRB's actuary.
- **Deferred Inflows of Resources - Difference between expected and actual experience:**
 - Calculated by multiplying the Plan level total by the employer allocation percentage and then amortizing one year of the balance (5 year period). The Plan level total is determined by CPRB's actuary.

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Understanding the GASB 68 Schedules

- **Deferred Inflows of Resources - Changes in proportion and difference between employer contributions and proportionate share of contributions:**
 - A decrease in the employer's allocation percentage (proportion) from the previous year to the current year results in a decrease in pension expense and a deferred inflow of resources.
 - This balance is essentially made up of two amounts:
 - Unamortized balance for prior year changes in proportion and differences between employer contributions and proportionate share of contributions
 - Current year difference between the beginning Pension balances (prior year NPL + net deferred amounts) less one year of amortization (amortized over the average remaining service life in years)

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Understanding the GASB 68 Schedules

- **Deferred Inflows of Resources - Changes in proportion and difference between employer contributions and proportionate share of contributions (continued):**
 - For instance, the FY14 unamortized balances for changes in proportion are rolled into the FY15 schedules and amortized for a second year. The new FY15 change in proportion is also calculated, amortized for its first year, and added to the cumulative balance. In FY16, the unamortized balances from FY14 and FY15 are carried to the FY16 balance and amortized an additional year. This continues until years begin to fall off (approximately 6 years).

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Understanding the GASB 68 Schedules

- **Proportionate share of allocable pension expense:**
 - Calculated by multiplying the Plan level pension expense in this column by the employer allocation percentage. The Plan level pension expense is determined by CPRB's actuary and includes current year amortization of amounts in the following columns:
 - Deferred outflows and inflows of resources for the net difference between projected and actual investment earnings on pension plan investments
 - Deferred Inflows of Resources - Difference between expected and actual experience

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Understanding the GASB 68 Schedules

- **Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions:**
 - This is the sum of current year net amortization related to the changes in proportion and difference between employer contributions and proportionate share of contributions (deferred outflows and deferred inflows).
- **Total employer pension expense excluding that attributable to employer-paid member contributions:**
 - This is the sum of the first two pension expense columns.
 - Represents the total pension expense that should be recognized by the employer prior to considering the GASB 68 State Aid support.

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Understanding the GASB 68 Schedules

- **Key notes to remember about the schedule of employer amounts:**
 - For entities that are NOT a fiscal agent, a RESA, or a MCVC, the amounts in the audited GASB 68 schedule of employer amounts should agree to your own financial statements with the following exception:
 - Total pension expense in the county's district-wide statement of activities will include an additional amount equal to the State Aid support caused by the special funding situation (calculated in accordance with paragraphs 94 of GASB 68).
 - Fiscal agents, RESAs, and MCVCs must add each of their final GASB 68 financial statement balances together, adjusting for the exception above, in order to reconcile their financial statements with the audited GASB 68 schedules (i.e. add up all NPL balances and compare to the GASB 68 schedule NPL balance for the fiscal agent county).

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Understanding the GASB 68 Schedules

- **Key notes to remember about the schedule of employer amounts (continued):**
 - GASB 68 schedule deferred outflow and deferred inflow balances are all net of current year amortization.
 - GASB 68 schedule pension expense in the first pension expense column includes current year amortization for differences in earnings and differences in experience.
 - Current year amortization related to changes in proportion and differences between employer contributions and proportionate share of contributions is reported in the center pension expense column.
 - Final pension expense (net of all amortization) is reported in the right-hand column of the audited GASB 68 schedule.

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Understanding the GASB 68 Schedules


- **Note Disclosures:**
 - Includes additional information needed to complete your own note disclosures in accordance with GASB 68 .
 - Actuarial revisions
 - Sensitivity analysis
 - Discount rate
 - Average remaining service life in years
 - Amortization schedules for amortization of deferred outflows/inflows of resources related to differences in earnings and differences in experience
 - (Note that amortization related to changes in proportion must be calculated and tracked individually by each employer since each employer has different fluctuations in their allocation percentages, a.k.a. proportions)

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Steps to Complete GASB 68 Conversion




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First Things First

- These instructions will only work for you if you used the financial statement template (Excel) that was provided by the WVDE Office of School Finance (OSF).
- If you used one of your own templates, it will be up to you to determine the best method for incorporating the requirements of GASB 68 into your FY16 financial statements.
 - A useful tip is to use a blank copy of the most current Excel financial statement template to follow along with these instructions. You can then use the resulting file to manually enter in the five GASB 68 conversion entries.
 - You may also use the note disclosure tabs of the blank Excel financial statement template to set up new links to your note disclosures in the Word file.



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Step 1 – Gather your information

- A checklist was provided prior to this training session for assisting you in pulling the various documents that you will need for keying information into the financial statement template.
 - Contains tabs for LEAs, RESAs, and MCVC.
 - Includes check boxes in left margin to allow you to mark off items that you've either pulled or that are not applicable.

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Step 1 (Continued)

- Fiscal agent counties should gather the information contained on the LEA tab as well as the applicable RESA and/or MCVC tabs.
- RESAs and MCVCs will generally need to work closely with the CSBO of their fiscal agent county to complete the GASB 68 conversion.

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Step 2 – Determine Effect of Restated 2014 GASB 68 Schedules

- Open the file titled “Restatement of Beg GASB 68 Balances – FY16”
- Enter amounts in all applicable yellow highlighted cells.
- **“1. Allocation %” tab:**
 - GASB 68 Schedule of Employer Allocations for the measurement period ended **6/30/2013:**
 - 2013 employer allocations did not require restatement, so you must use last year’s previously issued audited GASB 68 schedules to pull these amounts.
 - Enter the TRS plan level contributions as well as the LEA’s contributions and allocation percentage from the 6/30/13 schedule.
 - GASB 68 Schedule of Employer Allocations for the measurement period ended **6/30/2014:**
 - 2014 employer allocations required restatement, so you must use the reissued audited GASB 68 schedules to pull these amounts.
 - Enter the TRS plan level contributions as well as the LEA’s contributions and allocation percentage from the 6/30/14 schedule.

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Step 2 (Continued)

- **“1. Allocation %” tab:**
 - Fiscal agents, RESAs, and MCVCS must enter the RESA and/or MCVS contributions for 2013 and 2014 that were used in preparation of their FY15 financial statements.
 - Amounts will come the “RESA & MCVS Sch of Emp Amts” tab of the FY15 financial statement template.
 - The contribution amounts entered should equal the sum of objects 231 and 233 less the amount of revenue source 03911 that was allocated to the TRS plan.
 - If you are not a fiscal agent county, a RESA, or a MCVS, you will leave zeros in the RESA and MCVS contribution cells for 2013 and 2014.

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Step 2 (Continued)

- **“2. Revised GASB 68 Input” tab:**
 - In the yellow highlighted cells, enter the LEA employer amounts and TRS Plan totals from the reissued GASB 68 Schedule of Employer Amounts for the measurement period ending 6/30/2014.
- **“3. Restated FY15 FS Amounts” tab:**
 - In the yellow highlighted cells, enter the amount of FY15 contributions for the LEA, RESA, and MCVC.
 - Source: Retirement note from the LEA, RESA, and/or MCVC audit report for FY15. The amount will come from the “District contributions subsequent to the measurement date” row in the table summarizing the reported deferred outflows and deferred inflows of resources related to pensions at 6/30/2015.

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Step 2 (Continued)

- **“4. Net Effect of Restatement” tab:**
 - In the yellow highlighted cells, enter the GASB 68 balances for Net Pension Liability and Deferred Outflows/Inflows of Resources Related to Pensions as reported in your FY15 audit.
 - NPL balance will come from the face of the District-Wide Statement of Net Position.
 - The deferred outflows/inflows of resources related to pensions will come from the reconciliation of the Statement of Net Position to the Governmental Funds Balance Sheets (this reconciliation schedule immediately follows the Governmental Funds Balance Sheets).
 - **All amounts should be entered as POSITIVES**
 - The amounts in row 16 represent the restatement of net position due to the reissuance of the GASB 68 schedules for the measurement period ending 6/30/14.

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Step 2 (Continued)

- **“4. Net Effect of Restatement” tab:**
 - Effect of restatement (row 16):
 - A positive amount represents a decrease in net position.
 - A negative amount represents an increase in net position.
 - **All employers should calculate an increase in net position** due to the restatement since everyone experienced a decrease in their proportion (in other words, employers pick up a smaller share of the pension amounts, causing a smaller decrease in net position for recording GASB 68 balances).
 - You'll use the amounts in row 16 to determine whether the restatement is material (restatement of beginning net position) or not material (ran through pension expense in the FY16 financial statements).

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Step 3 – Key Current Year GASB 68 Schedule Information

- Navigate to the “GASB 68 Sch Input CY” tab of the FY16 financial statement Excel template.
- Tick marks have been provided to help guide you. However, Harrison County is being used as the example, so you must find the schedule amounts for your county in the column containing the related Harrison tick mark.
- Key amounts into each cell highlighted in yellow from the current year audited GASB 68 schedules. (Tick marks 1-46)
- **When keying percentages, make sure you key in two leading zeros after the decimal. Compare the keyed percentage to the audited GASB 68 schedule for accuracy.**

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Step 3 (Continued)

- Navigate to the “Amortization Input CY” tab of the Excel financial statement template.
- Key amounts into each cell highlighted in yellow from Note 2 of the current year audited GASB 68 schedules. (Tick marks 47-51 only. Don't use 52)
- **Reminder:** The dates provided in the GASB 68 schedules are measurement period dates. The LEAs report those amounts in their own financial statements one year after the stated measurement date. Therefore, you will enter future amortization amounts from the total column for measurement periods 2016 through 2019 into fiscal years 2017 through 2020 of the “Amortization Input CY” tab of the financial statement Excel template.
- CPRB split the future amortizations between the difference in investment earnings and the difference in experience. Both amounts must be totaled for each year to key into the “Amortization Input CY” tab of the financial statement Excel template. OSF has provided the totals within the handout.

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Step 4 – Key Prior Year GASB 68 Schedule Information

- Navigate to the “GASB 68 Sch Input PY” tab of the Excel financial statement template.
- Key amounts into each cell highlighted in yellow from the reissued 2014 GASB 68 schedules. (Tick marks 53-92)
- **When keying percentages, make sure you key in two leading zeros after the decimal. Compare the keyed percentage to the schedule for accuracy.**

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Step 5 – Key LEA Retirement Contributions from WVEIS

- Navigate to the “Ret Contr Input – LEA” tab of the Excel financial statement template.
- The amounts to be entered into the yellow highlighted cells come from source document numbers 5 through 10 from the “Checklist for Gathering GASB 68 Supporting Documentation.”
- Key the current year and prior year balances of objects 231 and 233 from the appropriate WVEIS Expenditure by function reports into the yellow highlighted cells in columns D, E, H, and I of rows 9 through 45.
- Key the current year balances of object 235 from appropriate WVEIS Expenditure by function report into the yellow highlighted cells in column M of rows 9 through 45.

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Step 5 (Continued)

- Key the current year and prior year balances of revenue source codes 03911 and 03917 in yellow highlighted cells J68, M68, J69, and M69 from the appropriate WVEIS Revenue by Source reports (source documents 7.A.a and 7.A.b from the “Checklist for Gathering GASB 68 Supporting Documentation”).
- The amount used for revenue source 03911 should only include amounts of the State Aid current subsidy that was allocated to the TRS plan. That amount can be determined by either:
 - Reducing the total of revenue source 03911 by any amounts allocated to the TDC plan. Those amounts can be found in the CPRB Annual ED reports for the TDC plan.
 - Totaling the amount of State Aid that was utilized on the CPRB Annual ED reports for only the TRS Plans.

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Step 6 –Repeat Step 5 for RESA and/or MCVC

- If you ARE a fiscal agent county, a RESA, or a MCVC, you will need to repeat step 5 instructions in the “Ret Contr Input – RESA” tab and/or “Ret Contr Input – MCVC” tab, as applicable.
- If you ARE NOT a fiscal agent, a RESA, or a MCVC, then skip to step 8 on the next slide.

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Step 7 – RESA Proportion and MCVC Proportion Tabs

- If you ARE a fiscal agent county, a RESA, or a MCVC, you will need key the total TRS contributions for FY14 and FY15 into the “RESA Proportion” and “MCVC Proportion” tabs, as applicable.
- The contribution amounts to be entered for each year should be the total of objects 231 and 233 expenditures less the State Aid current retirement (subsidy) allocated to the TRS plan (revenue source 03911 less any amounts allocated to the TDC plan, if any)

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Step 8 – Summary of GASB 68 Activity

- Navigate to the “Summary of GASB 68 Activity” tab:
 - Prior period restatement **IS material**: Enter the **blue** amounts from the “4. Net Effect of Restatement” tab of the “Restatement of Beg GASB 68 Balances – FY16” Excel file into the yellow highlighted cells in the “Summary of GASB 68 Activity” tab of the Excel financial statement template.
 - Prior period restatement **IS NOT material**: Enter the **yellow** amounts from the “4. Net Effect of Restatement” tab of the “Restatement of Beg GASB 68 Balances – FY16” Excel file into the yellow highlighted cells in the “Summary of GASB 68 Activity” tab of the Excel financial statement template.
 - Amounts should all be entered as positives.

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Step 9 – Change in Proportion - LEAs

- Navigate to the “Change in Proportion - LEAs” tab:
 - In cell E17, enter the 2013 allocation percentage for the LEA.
 - Source: Tab 1 of the “Restatement of Beg GASB 68 Balances – FY16” Excel file, cell J4.
 - In cell E19, enter the 6/30/2013 plan level NPL.
 - Source: Schedule of Pension Amounts for the measurement period ending 6/30/2013.
 - In cell D22, enter the 2014 average of the remaining service lives from Note 3 of the 2014 reissued GASB 68 schedules. All counties will enter 5.91 in cell D22.

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Step 10 – Change in Proportion – RESAs & MCVCS

- If you are a fiscal agent for a RESA or you are a RESA, navigate to the “Change in Proportion - RESAs” tab:
 - In cell E17, enter the 2013 allocation percentage for the RESA.
 - Source: Tab 1 of the “Restatement of Beg GASB 68 Balances – FY16” Excel file, cell J5.
 - In cell E19, enter the 6/30/2013 plan level NPL.
 - Source: Schedule of Pension Amounts for the measurement period ending 6/30/2013.
 - In cell D22, enter the 2014 average of the remaining service lives from Note 3 of the 2014 reissued GASB 68 schedules. All counties will enter 5.91 in cell D22.

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Step 10 – Change in Proportion – RESAs & MCVCS (Continued)

- If you are a fiscal agent for a MCVS or you are a MCVS, navigate to the “Change in Proportion - MCVCS” tab:
 - In cell E17, enter the 2013 allocation percentage for the RESA.
 - Source: Tab 1 of the “Restatement of Beg GASB 68 Balances – FY16” Excel file, cell J6.
 - In cell E19, enter the 6/30/2013 plan level NPL.
 - Source: Schedule of Pension Amounts for the measurement period ending 6/30/2013.
 - In cell D22, enter the 2014 average of the remaining service lives from Note 3 of the 2014 reissued GASB 68 schedules. All counties will enter 5.91 in cell D22.

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Step 11 – Net LEA Amounts

- Navigate to the “Net LEA Amounts” tab and ensure the check totals in row 36 are clearly immaterial rounding differences.
- If row 36 contains differences that are not clearly immaterial, then you will need to go back and check the amounts you previously entered into the previous purple tabs.

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Step 12 – Conversion Entries

- Navigate to the “JEs” tab and complete the reconciliation in the margin of conversion entry U1. The amounts will come from your FY15 GASB 68 conversion entries.
 - If you DO NOT have a prior period adjustment due to the reissuance of the 2014 GASB 68 schedules, then the difference in the reconciliation should be no more than a small rounding difference.
 - If you DO have a prior period adjustment, then the difference in the reconciliation should agree to the prior period restatement that you calculated in step 2.
- Change the entity code in the margin of conversion entry U1 to match your entity (LEA, RESA, or MCVV).

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Step 12 (Continued)

- If you DO NOT have a prior period adjustment due to the reissuance of the 2014 GASB 68 schedules, key the prior period restatement amounts from row 16 of tab 4 within the “Restatement of Beg GASB 68 Balances – FY16” Excel file into the table added to the margin of conversion entry U4. The amounts should be entered as positive numbers.

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Step 12 (Continued)

- Compare the amount posted to GENERAL REVENUE – UNRESTRICTED STATE AID in conversion entry U4 (highlighted in red) to the amount of the State overpayment allocated to the county in the 2015 GASB 68 schedule of employer allocations.
 - If you are not a fiscal agent, a RESA, or a MCVC, the amounts should agree within an immaterial difference.
 - If you are a fiscal agent, a RESA, or a MCVC, you will need to add up the total credits to the GENERAL REVENUE – UNRESTRICTED STATE AID account between all related parties and compare the total to the State overpayment allocated to the county in the 2015 GASB 68 schedule of employer allocations. The amounts should agree within an immaterial difference.

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Step 12 (Continued)

- Check the “Summary of entries to pension expense” table below the conversion entries to ensure the reconciliation difference is immaterial or zero.

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Step 13 – Prop Share of NPL

- Navigate to the “Prop Share of NPL” tab in the financial statement Excel template. Enter the following amounts:
 - 2014 District’s proportion of the net pension liability (source: “Net LEA Amounts” tab, cells K50, I50, or G50, as applicable)
 - 2014 District’s proportionate share of NPL (source: “Net LEA Amounts” tab, cells K51, I51, or G51, as applicable)
 - 2014 and 2015 district’s covered-employee payroll (source: CPRB annual ED reports)
 - All 2015 amounts (in column B) are linked in the template except for the 2015 covered payroll as noted above.

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Step 13 (Continued)

- 2014 State’s proportionate share of the NPL associated with the district
 - Sources:
 - Restatement is NOT material – Last line of the “GASB 68 Calculations” tab of your prior year financial statement template.
 - Restatement IS material - applicable green highlighted amounts from the “5. Revised GASB 68 State Aid” tab of the “Restatement of Beg GASB 68 Balances – FY16” Excel file

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Step 14 – Schedule of District Contrib

- Navigate to the “Schedule of District Contrib” tab in the financial statement Excel template. Enter the following amounts:
 - 2015 and 2016 contractually required contributions (source: CPRB annual “ED” reports for Retirement 1 & 3, adjusting for any amounts allocated to a RESA or MCVC)
 - 2016 district’s covered-employee payroll (source: CPRB annual “ED” reports for Retirement 1 & 3, adjusting for any amounts allocated to a RESA or MCVC)

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Step 15 – Note Disclosures

- **Note 1** – Replace paragraph 1 with:
The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.
- **Retirement Note** – Relink all GASB 68 tables in the note to the updated Excel template

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Step 15 (Continued)

- Paragraph 1 of the retirement note:
 - Insert total FY16 payroll for all employees (source: WVEIS payroll journals or object code report for object 1XX).
 - Insert total FY16 payroll for all employees covered by TRS and TDC (source: sum of all covered payroll amount reported on the CPRB annual “ED” reports for FY16).

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Step 15 (Continued)

- TRS section of note:
 - NPL was measured as of June 30, 2015.
 - Total pension liability was determined by an actuarial valuation as of July 1, 2014.
 - Insert FY16 pension expense (source: “Summary of entries to pension expense” table at the bottom of the “JEs” tab of the Excel financial statement template). This should be equal to the total pension expense recognized in the GASB 68 schedules PLUS the amount of pension expense recognized for State Aid support in accordance with Paragraph 94 of GASB 68.
 - Insert FY16 State Aid support/revenue (source: conversion entry U5 PLUS the amount of State Aid support recorded in conversion entry U4).

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Step 15 (Continued)

- TRS section of note:
 - Paragraph just above the table of future amortization of deferred inflows/outflows: “School Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.”
 - Actuarial Assumptions:
 - July 1, 2014 valuation rolled forward to June 30, 2015
 - Experience study for the period July 1, 2005 to June 30, 2010


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Step 15 (Continued)

– Actuarial Assumptions:

- Inflation rate: 3.0%
- Salary increases: For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75-5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40-6.50%.
- Investment rate of return: 7.5%, net of pension plan investment expense, including inflation.
- Mortality: Active – RP2000, non-annuitant monthly mortality table, retired – RP2000 healthy annuitant, scale AA; disabled – RP2000 disabled annuitant mortality table, scale AA.
- Discount rate: 7.5%




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Step 15 (Continued)

– Investment Asset Allocation:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.5%	7.0%
International Equity	27.5%	7.7%
Private Equity	10.0%	9.4%
Core Fixed Income	7.5%	2.7%
Hedge Fund	10.0%	4.7%
Real Estate	10.0%	5.6%
High Yield Fixed Income	7.5%	5.5%
Total	100.0%	



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Step 15 (Continued)

- Discount Rate section:
 - Discount rate of 7.5% should be used in the “current discount rate” column of the table in this section.
 - The table should be linked from the Excel financial statement template.
 - The sensitivity analysis should show the School Board’s proportionate share of the TRS NPL at the current discount rate and discount rates 1.0% higher and 1.0% lower than the current rate.
- Payables to the pension plan:
 - Insert the total amount of employer contributions that were reported in salaries payable and payroll liabilities at June 30, 2016.

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Step 16 – Notes to RSI

- Actuarial revisions:
 - Copy note 3 from the GASB 68 schedules for the measurement period ended June 30, 2015 (excluding the sensitivity analysis table):

Subsequent to the issuance of the West Virginia Consolidated Public Retirement Board’s June 30, 2015 Comprehensive Annual Financial Report, certain actuarial amounts from the actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, were revised relating to the TRS. The amounts revised as of June 30, 2015 are described below:

Total pension liability	\$10,268,596,000
Plan fiduciary net position	(6,803,342,000)
Net pension liability	\$ 3,465,254,000
Plan fiduciary net position as a percentage of the total pension liability	66.25%

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Step 17 – MD&A

- There should be no major changes to the MD&A.
- Make sure your linked tables are still active and updated after the completion of the GASB 68 conversion entries.
- Reminder: Counties were not required to submit an original MD&A to OSF as part of the September 2016 required financial statement submission package.

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Closing

- All county boards, RESAs, and MCVCs will be required to submit revised financial statements (including the MD&A) to the Office of School Finance by **January 15, 2017**.
- Please submit your financial statements to the OSF coordinator assigned to your county:
 - Barbour – McDowell: Sam Pauley (sepauley@k12.wv.us)
 - Mercer – Wyoming: Kristen Lanham (Kristen.Lanham@k12.wv.us)

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Questions or comments?

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