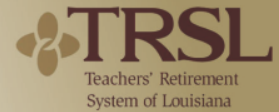


the MISSION



To provide a sound retirement plan for our members through prudent management and exceptional service

GASB 68 Employer Training

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the CORE VALUES

Highest Ethical Standards

Integrity

Prudent Management

Ensure the soundness of the System
Ensure our team's ongoing commitment to our core values
Offer exceptional customer service

June 30, 2015

GASB 68 Implementation

For the first time, LASERS and TRSL employers* must recognize their proportionate share of the ***collective pension amounts*** determined as of June 30, 2014 (i.e., measurement date) in their financial statements as of June 30, 2015:

- ***Net Pension Liability (Asset) = NPL***
- ***Pension Expense***
- ***Pension deferred outflows/inflows of resources***

GASB 68 Implementation

To assist employers in implementation we will:

- *Discuss proportionate share and related key definitions*
- *Offer guidance through the resources set up on both systems' websites to provide information on the completion of:*
 - *Financial statements*
 - *Note disclosures*
 - *Required supplementary information (RSI)*

LASERS website: www.lasersonline.org

TRSL website: www.trsl.org

GASB 68 Implementation

Website resources:

- ***GASB 68 Schedules by Employer***
- ***2015 Employer Pension Audit Report***
- ***Training Materials:***
 - ***GASB 68 Employer Notes Template***
 - ***GASB 68 Employer RSI Template***
 - ***GASB 68 Employer Calculation Worksheets***
 - ***GASB 68 Employer Journal Entries***
 - ***Example – GASB 68 Employer Template***

GASB 68 Implementation

GASB 68 states that the proportionate share should be based on a measure that compares the individual employer to the other employers collectively. It should be related to the manner in which contributions to the pension plan are determined.

The individual employer proportionate share was determined using:

- Current annualized payroll of active members
- Average employer contribution rate by plan, based on current plan membership, using most recent rates approved by PRSAC

Key Definitions

- **Total Pension Liability** - the portion of the actuarial present value of projected benefit payments attributed to past periods or member service in conformity with the requirements of GASB 67 (impacts LASERS and TRSL financial reporting)
- **Net Position** – current assets less current liabilities at market value for the reporting period
- **Net Pension Liability (NPL)** = Total Pension Liability – Net Position
- **Proportionate share** - based on an allocation method consistent with the manner in which contributions are determined as of a measurement date, (i.e., June 30, 2014)
- **Allocation method** – each employer's proportion based on their projected contribution effort to the pension plan compared to the total of all employers' projected contribution effort

Key Definitions (Continued)

- ***Pension Expense*** – the annual cost of retirement benefits to the pension plan based on the sum of :
 - Service Cost
 - Interest on total pension liability
 - Benefit changes to the plan during the fiscal year
 - Amortization of differences between expected/actual experience
 - Amortization of changes in assumptions

Key Definitions (Continued)

- ***Pension Expense (Continued) –***
 - Employee (or member) contributions
 - Expected earnings on plan investments
 - Amortization of difference between investment projected/actual earnings
 - Recognition of beginning deferred outflows/inflows
 - Other changes in plan fiduciary net position

- ***Pension Deferred Outflows/Inflows of Resources*** – amounts used in developing the annual pension expense and recognized when there are:
 - Differences between expected and actual experiences
 - Changes of assumptions
 - Differences between projected and actual returns on investment

The following employer schedules were prepared by the Systems' actuary, and verified by each System's external auditors in their respective **2015 Employer Pension Audit Report**:

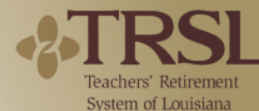
- ***Schedule of Collective Employer Pension Amounts (Exhibit 1)***
- ***Average Remaining Service Life Calculation (Exhibit 1a)***
- ***Schedules of Employer Pension Amounts as of June 30, 2014 and 2013 (Exhibits 2 and 3)***

Schedule of Collective Employer Pension Amounts (Exhibit 1)

The ***Schedule of Collective Employer Pension Amounts*** presents the following information:

- Components of total pension liability and plan fiduciary net position impacting NPL changes during the fiscal year
- Components of collective deferred outflows/inflows of resources and pension expense

Schedule of Collective Employer Pension Amounts (Exhibit 1)



	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ (7,284,624,906)	\$ -	\$ -	\$ -
Total Pension Liability Factors				
Service Cost	(228,140,255)			228,140,255
Interest	(1,334,400,080)			1,334,400,080
Changes in Benefit Terms	(114,705,590)			114,705,590
Differences Between Expected and Actual Experience	167,128,306	(167,128,306)	-	
Current Year Amortization		55,709,435	-	(55,709,435)
Amortization of Prior Years		-	-	-
Changes in Assumptions	-	-	-	
Current Year Amortization		-	-	-
Amortization of Prior Years		-	-	-
Benefit Payments	1,167,477,166			(1,167,477,166)
Refunds and Transfers of Member Contributions	77,118,765			77,118,765
Net Change	(265,521,688)	(111,418,871)	-	531,178,089
Plan Fiduciary Net Position				
Employer Contributions	615,164,022			
Employee Contributions	152,993,052			(152,993,052)
Expected Earnings on Investments	781,708,144			(781,708,144)
Difference Between Projected and Actual Investments Earnings	988,813,237	(988,813,237)	-	
Current Year Amortization		197,762,647	-	(197,762,647)
Amortization of Prior Years		-	-	-
Retirement Benefits	(1,167,477,166)			1,167,477,166
Administrative Expense	(14,810,539)			14,810,539
Refunds and Transfers of Member Contributions	(77,118,765)			(77,118,765)
Other	17,983,090			(17,983,090)
Net Change	1,297,255,075	(791,050,590)	-	(45,277,993)
Ending Balance	\$ (6,252,891,519)	\$ (902,469,460)	\$ -	\$ 485,900,095

Average Remaining Service Life Calculation (Exhibit 1a)

The ***Average Remaining Service Life Calculation*** equals the average expected remaining service lives of all active and inactive employees determined at the beginning of the measurement period and represents the amortization periods of the following fiscal year differences/changes:

- ***Differences between expected and actual experience***
- ***Changes in plan assumptions***
- ***Change in employer's proportion of beginning net pension liability***
- ***Difference between employer contributions and proportionate share of employer contributions***

Average Remaining Service Life Calculation (Exhibit 1a)

LASERS average remaining service life (amortization period) for differences/changes as calculated below is 3 years

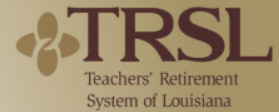
	# Years	2013 Members	2014 Members
Active	8.09	42,286	38,571
Active After DROP	3.08	1,825	1,750
Supplemental	4.06	241	237
DROP	0	2,092	1,838
Term Vested	0	4,162	4,558
Term Non-vested	0	52,385	52,042
Retired	0	45,184	46,703
		148,175	145,699
Average		2.35	2.19
Round up		3.0	3.0

- *Amortization periods for **average remaining service life** will vary from plan to plan*
- The difference between **projected and actual investment returns** is amortized over a closed 5-year period

Schedules of Employer Pension Amounts (Exhibits 2 and 3)

- The ***Schedule of Employer Pension Amounts*** as of June 30, 2014 provides the required employer-specific information for the completion of:
 - ***Financial statements***
 - ***Note disclosures***
 - ***Required Supplementary Information (RSI)***
 - ***Employer Calculations***
 - ***Journal Entries***
- The ***Schedule of Employer Pension Amounts*** as of June 30, 2013 is for reference and provides employer-specific GASB 68 information as of the beginning of the measurement period, i.e., July 1, 2013.

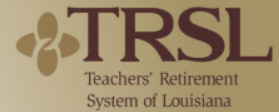
Schedule of Employer Pension Amounts as of June 30, 2014 (Exhibit 2)



Key employer-specific data from the *Schedule of Employer Pension Amounts as of June 30, 2014*:

- *Net Pension Liability (Column A)*
- *Current Year Proportionate Share (Column B)*
- *Prior Year Proportionate Share (Column C)*
- *Change in Proportion from Prior Year (Column D)*
- *Proportionate Share of Collective Pension Expense (Column E)*
- *Collective Deferred Outflow/Inflows (Columns F, H, J)/(Columns G, I, K)*
 - *Experience gain/loss, change of assumptions, and investment gain/loss deferrals*

Schedule of Employer Pension Amounts as of June 30, 2014 (Exhibit 2)



Key employer-specific data from the *Schedule of Employer Pension Amounts as of June 30, 2014*:

- ***Collective Deferred Outflow/Inflow to be Recognized - Amortization (Columns L, M, N, O)***
- ***Net Pension Liability Assuming -1%/+1% Change in Discount Rate (Columns P, Q)***
- ***Prior Year Net Pension Liability (Column R)***
- ***Employer's Proportionate Share of Total Contributions (Column S)***

Employer Notes Template

Required GASB 68 note disclosure information:

- ***Summary of significant accounting policies***
- ***Plan description, benefits provided, and contribution information***
- ***Pension liabilities, pension expense, and deferred outflows/inflows related to pensions***
- ***Actuarial assumptions***
- ***Long-term expected rate of return***
- ***Discount rate and sensitivity of proportionate share to changes in discount rate***
- ***Pension plan fiduciary net position***
- ***Payables to the pension plan***

Employer Notes Template

- The ***Notes to the Financial Statements Template*** includes sample language and schedules to be used as a guide
- Areas requiring employer input, or input from the employer schedules, are highlighted and in brackets, and contain references to the applicable data in the employer schedules
- Employers are responsible for the preparation of their own notes, and should review the language and other information in the template with their auditors
- The template is intended solely as a guide, and employers may want summarize note disclosures if reporting GASB 68 information from several retirement plans

Required Supplementary Information (RSI) Template

The ***RSI Template*** includes two sample schedules and language to be used as a guide in the development of the :

- ***Schedule of Employer's Share of Net Pension Liability***
- ***Schedule of Employer Contributions***
- ***Notes to RSI***
- Schedules will eventually present 10 years of data related to GASB 68
- Retirement plans will update information each year as indicated in the template
- Employers are responsible for maintaining and updating their schedules and retaining prior year data

Employer Calculation Worksheets

(Exhibits 4 and 4a)

The ***Employer Calculation Worksheets*** contain references to data in the GASB 68 Schedules by Employer so the employer may input data for the calculations of:

- Change in the employer's proportionate share of net pension liability, and
- Difference between proportionate share of required employer contributions and actual employer contributions paid
- The resulting amounts are:
 - Amortized over the average expected remaining service lives of all active and inactive employees
 - Added to the employer-specific deferred outflow/inflow and pension expense amounts shown in the Schedule of Employer Pension Amounts (June 30, 2014) - Exhibit 2

GASB 68 Sample Employer

Journal Entries

The ***GASB 68 Sample Employer Journal Entries*** provide references to the GASB 68 Schedules by Employer data for the following journal entries:

- *Initial net pension liability*
- *Yearly pension expense*
- *Proportionate share of required employer contributions*
- *Deferred outflows/(inflows) of resources and related amortization:*
 - *Differences between expected/actual experience*
 - *Changes in assumptions*
 - *Differences between projected/actual investment returns*
 - *Change in employer's proportion of beginning NPL*
 - *Difference between employer contributions paid and required employer contributions*

GASB 68 Questions

- *Questions should be general in nature*
- *Please refer employer-specific questions to your respective retirement system 😊*
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- *Charlene Wilson: Charlene.Wilson@trsl.org*

