

Iowa Association of School Business Officials

Revisiting GASB 68

Andrew E. Nielsen, CPA
Deputy Auditor of State

March 31, 2016



Mary Mosiman, CPA

- About the Office
- Press Briefings
- Audit Reports
- City Annual Financial Report (AFR)
- FAQs
- Audit Practice Aids
- Technical & Other Updates
- GASB 68 Pensions
- City Examinations
- Rules Regulatory Plan
- Peer Review
- Employment Opportunities
- Contact Us
- Related Links
- Home

GASB Statement No. 68, Financial Accounting and Reporting for Pensions

New reporting requirements for government pension plans will have significant impact on local governments' financial statements. The new standard changes how governments must report pension-related costs and obligations. This section of the Auditor of State's website will be devoted to providing resources to local governments and independent auditors providing audit services to local governments.

GASB 68 Resources:

- Pension Communication Resource Group (PCRG) Educational Materials on New Pension Standards: The PCRG has developed "plain-English" educational resources that describe key aspects of the pension standards. Click [HERE](#) to view these resources.
- Iowa Public Employees Retirement System (IPERS) proportionate share information:
 - Auditor of State GASB 68 Report for IPERS:
 - • ~~2015~~ [2014](#)
 - [2013](#)
 - [Actuary 2014 GASB 68 Report for IPERS](#)
 - 2014 IPERS GASB 68 Proportionate Share Spreadsheets by Covered Group (Excel format):
 - [Regular Membership Group](#)
 - [Sheriffs and Deputies Membership Group](#)
 - [Protection Occupation Membership Group](#)
 - 2013 IPERS GASB 68 Proportionate Share Spreadsheets by Covered Group (Excel format):
 - [Regular Membership Group](#)
 - [Sheriffs and Deputies Membership Group](#)
 - [Protection Occupation Membership Group](#)
- Sample GASB 68 Calculator spreadsheet
 - ◦ ²⁰¹⁶ [SampleGASB68Calculator.xlsx](#)
 - [SampleGASB68Calculator_CSD.xlsx](#)
 - [SampleGASB68Calculator_Cos.xlsx](#)
 - [SampleGASB68Calculator_City.xlsx](#)
- Implementing GASB 68 Materials
 - [GASB 68 Webinar for Schools \(YouTube\)](#)
 - [School Webinar materials \(PDF\)](#)
 - [City Information \(PDF\)](#)
- Sample Municipal Fire and Police Retirement System Information
 - [MFPRSI - GASB 68 Calculator](#)
 - [MFPRNote15.docx](#)

1



1 in 10 Iowans is an IPERS member.

IPERS members teach our children, maintain our roads and parks, care for our most vulnerable citizens, and protect Iowans across our state.

MEMBERS

- MEMBER HANDBOOK >
- RETIREMENT CALCULATORS >
- FORMS >
- FAQS >

MORE

RETIREEES

- BENEFIT PAYMENTS >
- RETURNING TO WORK >
- FORMS >
- FAQS >

MORE

EMPLOYERS

- EMPLOYER HANDBOOK >
- I-QUE HELP GUIDE >
-  GASB INFORMATION >
- FORMS >

MORE

WATCH



MORE

Latest News

- February 29, 2016 | The Investment Board will meet on March 4, 2016. >
- February 19, 2016 | Employers may now register for new reporting official training. >
- February 17, 2016 | The Benefits Advisory Committee will meet on February 22, 2016. >
- February 12, 2016 | IPERS seeks proposals from Managers that can execute Liquid Absolute Return Strategies as trading advisors on IPERS' managed account platform. >
- February 12, 2016 | IPERS has issued a Request for Proposals for general legal and/or investment legal counsel services. >

[More News](#)

Contribution Rates

Membership Class	Member Share	Employer Share	Total
Regular			
7/1/15-6/30/16	5.95%	8.93%	14.88%
7/1/16-6/30/17			
Sheriffs and Deputies			
7/1/15-6/30/16	9.88%	9.88%	19.76%
7/1/16-6/30/17	9.63%	9.63%	19.26%
Protection Occupations			
7/1/15-6/30/16	6.56%	9.84%	16.40%
7/1/16-6/30/17			

[Learn More](#)

FORMS

- MEMBERS
- RETIREES
- EMPLOYERS

ABOUT US

- INVESTMENTS
-  PUBLICATIONS
- HISTORY

GENERAL

- NEWS
- DIVORCE/QDRO
- LAW/LEGISLATIVE

CONTACT

1 (800) 622-3849
 7:30 a.m.-5:00 p.m. CT
 Monday-Friday
info@ipers.org
[Get Directions](#)



Employers

- Wage Reporting
- Your New Employees
- Reporting Official Training ▶
- GASB Information ▼
 - ▶ GASB FAQs
 - ▶ **GASB Resources**
 - ▶ GASB Webinars
- Employer HelpDesk
- Forms
- Publications



We're here for you!

1 (800) 622-3849

7:30 a.m.–5:00 p.m. CT
Monday–Friday

Home > Employers > GASB Information > **GASB Resources**

GASB Resources

Workbook for Calculating Reportable NPL and Proportion

The following workbook details how to calculate your entity's proportion and net pension liability/(asset) to comply with GASB 68. The worksheets may also be used as a template for calculations of these amounts.

IMPORTANT: The numbers you derive from this workbook are the NPL and proportions you should report in your financial reports, per GASB.

[Employer Calculation of Total Net Pension Liability/\(Asset\) and Proportion](#)

[Schedules of Pension Amounts by Employer](#)

The following schedules provide the data needed for the workbook calculations. The Sample GASB 68 Calculators provided by the Auditor of State's Office may be used to complete your calculations and journal entries. We've provided a link below.

IMPORTANT: The proportions in these six spreadsheets are *not* the proportions to report in your financial reports. Use the workbook above to calculate the proportion to report.

- [As of 6/30/13 for the Regular membership group](#)
- [As of 6/30/13 for the Sheriffs/Deputies membership group](#)
- [As of 6/30/13 for the Protection Occupation membership group](#)
- [As of 6/30/14 for the Regular membership group](#)
- [As of 6/30/14 for the Sheriffs/Deputies membership group](#)
- [As of 6/30/14 for the Protection Occupation membership group](#)

→ 2015



Additional Data and Explanations

[Templates](#) for Notes to Financial Statement, provided on the Auditor's website

[Sample GASB 68 Calculator and Journal Entries](#), provided on the Auditor's website

GASB 68 Audit Reports and News Releases from the State Auditor: [for 2013](#) and [for 2014](#)

As an additional aid, IPERS has posted FY2015 contributions by employer to assist with calculating deferred outflows. These contribution amounts are not audited and are only to be used as a reasonability check. You will need to reconcile them to your own records.

4

[FY2015 Contributions by Employer \(Unaudited\)](#)

General Information

[GASB Statement 68 Q&A updated July 1, 2015](#)

[Glossary of Related Terms](#)

[IPERS' GASB 67 Report as of 6/30/15 \(prepared by Cavanaugh Macdonald\)](#)

 [IPERS' GASB 68 Report as of 6/30/15 \(prepared by Cavanaugh Macdonald\)](#)

[GASB Infographic](#)

GASB

[Governmental Accounting Standards Board](#)

[Implementation Toolkit for Governments](#)

[Video: GASB Chair David Vaudt Shares Five Areas to Focus On for Successful Implementation of the New Standards](#)

[GASB Statement No. 67 Implementation Guide](#)

[GASB Statement No. 68 Implementation Guide](#)

Bond Ratings

[Moody's announces new approach to analyzing state, local government pensions](#)

[Moody's: US States Rating Methodology](#)

[S&P: Approach to Pension Liabilities in Light of GASB 67 and 68](#)

[S&P: U.S. State Ratings Methodology](#)

[S&P: U.S. Local Government General Obligation Ratings: Methodology and Assumptions](#)

[Fitch: U.S. State and Local Government Pensions: One Size Does Not Fit All](#)

[Fitch: Tax-Supported Rating Criteria](#)

Additional Online Resources

[Milliman—GASB 67/68: The Series](#)

[National Institute on Retirement Security](#)

[Government Finance Officers Association](#)

[Gabriel Roeder Smith & Company](#)

[Cavanaugh Macdonald Consulting](#)



[About Us](#)

[Home](#) > [About Us](#) > [Publications](#)

Publications

Financial and Investment Publications

Financial

[FY2015 Comprehensive Annual Financial Report \(CAFR\)](#)

Qty

[FY2015 Annual Summary \(SAFR\)](#)

Qty

Actuarial

 [Annual Actuarial Valuation](#)

[IPERS Experience Study](#)

[Actuarial Audit](#)

Plans and Performance

[IPERS Strategic Plan, 2012–2017](#)

[CEM Pension Administration Benchmarking Analysis](#)

[CEM Investment Benchmarking Analysis 2014](#)

Members

Member News

[Member Update—Winter 2016](#)

Qty

[New Employees Considering IPERS](#)





Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve

GASB STATEMENT NO. 68 REPORT

FOR THE

IOWA PUBLIC EMPLOYEES'

RETIREMENT SYSTEM

PREPARED AS OF JUNE 30, 2015





APPENDIX A

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY

ALL MEMBERSHIP GROUPS

Fiscal Year Ended June 30

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2014	\$32,004,456,088	\$28,038,549,893	\$3,965,906,195
Changes for the year:			
Service cost	775,968,193		775,968,193
Interest	2,334,357,588		2,334,357,588
Benefit term changes	0		0
Differences between expected and actual experience	47,305,303		47,305,303
Assumption changes	0		0
Employer contributions		656,911,160	(656,911,160)
Employee contributions including service purchases		458,688,869	(458,688,869)
Net investment income, including net securities lending income		1,080,045,104	(1,080,045,104)
Benefit payments, including member refunds	(1,791,768,441)	(1,791,768,441)	0
Administrative expenses		(12,591,756)	12,591,756
Other changes	0	0	0
Net changes	<u>1,365,862,643</u>	<u>391,284,936</u>	<u>974,577,707</u>
Balances at June 30, 2015	\$33,370,318,731	\$28,429,834,829	\$4,940,483,902
	(A)	(B)	(C)



**Collective Pension Expense
For the Year Ended June 30, 2015**

ALL MEMBERSHIP GROUPS

Service Cost at end of year	\$775,968,193
Interest on the Total Pension Liability	2,334,357,588
Current-period benefit term changes	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	8,993,404
Expensed portion of current-period assumption changes	0
Employec contributions including service purchases	(458,688,869)
Projected earnings on plan investments	(2,077,529,669)
Expensed portion of current-period difference between projected and actual earnings on plan investments	199,496,913
Administrative expenses	12,591,756
Recognition of beginning Deferred Outflows of Resources	52,007,240
Recognition of beginning Deferred Inflows of Resources	(416,780,435)
Total Pension Expense	\$430,416,121

Note: System experience and assumption changes are recognized over the average expected remaining service life for all System members, which is 5.26 years.

(Q)



The following tables provide the collective Deferred Outflows of Resources and Deferred Inflows of Resources as of June 30, 2015 for the System in total (all membership groups). This table is provided for summary purposes only. The tables by membership group should be used when determining the proportionate share of the Deferred Outflows of Resources and Deferred Inflows of Resources for each participating employer, which will be provided by the Iowa Public Employees' Retirement System.

Deferred Outflows of Resources				
	June 30, 2014	Additions	Recognition	June 30, 2015
	(1)	(2)	(3)	(4) = (1) + (2) - (3)
Differences between expected and actual experience	\$ 43,983,968	\$ 51,124,334	\$ 19,996,084	\$ H 75,112,218
Changes of assumptions	178,607,013	0	41,730,611	I 136,876,402
Differences between projected and actual earnings	<u>0</u>	<u>997,484,565</u>	<u>199,496,913</u>	J <u>797,987,652</u>
Total	\$ 222,590,981	\$ 1,048,608,899	\$ 261,223,608	\$ K 1,009,976,272

Deferred Inflows of Resources				
	June 30, 2014	Additions	Recognition	June 30, 2015
	(1)	(2)	(3)	(4) = (1) + (2) - (3)
Differences between expected and actual experience	\$ 10,726,700	\$ 3,819,031	\$ 3,232,290	\$ L 11,313,441
Changes of assumptions	4,695,315	0	1,097,037	M 3,598,278
Differences between projected and actual earnings	<u>1,652,708,638</u>	<u>0</u>	<u>413,177,159</u>	N <u>1,239,531,479</u>
Total	\$ 1,668,130,653	\$ 3,819,031	\$ 417,506,486	\$ O 1,254,443,198



APPENDIX A

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY

REGULAR MEMBERS

Fiscal Year Ended June 30

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$30,204,846,287	\$26,157,761,036	\$4,047,085,251
Changes for the year:			
Service cost	705,197,937		705,197,937
Interest	2,202,463,562		2,202,463,562
Benefit term changes	0		0
Differences between expected and actual experience	51,124,334		51,124,334
Assumption changes	0		0
Employer contributions		613,976,718	(613,976,718)
Employee contributions including service purchases		425,696,042	(425,696,042)
Net investment income, including net securities lending income		1,006,854,511	(1,006,854,511)
Benefit payments, including member refunds	(1,708,212,328)	(1,708,212,328)	0
Administrative expenses		(12,102,219)	12,102,219
Other changes	(3,567,837)	(3,567,837)	0
Net changes	<u>1,247,005,668</u>	<u>322,644,887</u>	<u>924,360,781</u>
Balances at June 30, 2015	\$31,451,851,955 <u>(1)</u>	\$26,480,405,923 <u>(2)</u>	\$4,971,446,032 <u>(3)</u>

(11)



Pension Expense
For the Year Ended June 30, 2015

REGULAR MEMBERS

Service Cost at end of year	\$705,197,937
Interest on the Total Pension Liability	2,202,463,562
Current-period benefit term changes	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	9,719,455
Expensed portion of current-period assumption changes	0
Employee contributions including service purchases	(425,696,042)
Projected earnings on plan investments	(1,936,638,065)
Expensed portion of current-period difference between projected and actual earnings on plan investments	185,956,711
Administrative expenses	12,102,219
Recognition of beginning Deferred Outflows of Resources	52,007,240
Recognition of beginning Deferred Inflows of Resources	(385,860,452)
Total Pension Expense	4 \$419,252,565

Note: System experience and assumption changes are recognized over the average expected remaining service life for all System members, which is 5.26 years.



Regular Membership - Deferred Outflows of Resources				
	June 30, 2014 (1)	Additions (2)	Recognition (3)	June 30, 2015 (4) = (1) + (2) - (3)
Differences between expected and actual experience	\$ 43,983,968	\$ 51,124,334	\$ 19,996,084	\$ <u>5</u> 75,112,218
Changes of assumptions	178,607,013	0	41,730,611	<u>6</u> 136,876,402
Differences between projected and actual earnings	<u>0</u>	<u>929,783,554</u>	<u>185,956,711</u>	<u>7</u> 743,826,843
Total	\$ 222,590,981	\$ 980,907,888	\$ 247,683,406	\$ <u>8</u> 955,815,463

Regular Membership - Deferred Inflows of Resources				
	June 30, 2014 (1)	Additions (2)	Recognition (3)	June 30, 2015 (4) = (1) + (2) - (3)
Differences between expected and actual experience	\$ 0	\$ 0	\$ 0	\$ 0
Changes of assumptions	0	0	0	0
Differences between projected and actual earnings	<u>1,543,441,807</u>	<u>0</u>	<u>385,860,452</u>	<u>9</u> 1,157,581,355
Total	\$ 1,543,441,807	\$ 0	\$ 385,860,452	\$ <u>10</u> 1,157,581,355



are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding retirement systems over a long timeframe.

The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

(d) Municipal bond rate. A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 3.82%.

(e) Periods of projected benefit payments. Projected future benefit payments for all current plan members were projected through 2114.

(f) Assumed asset allocation. This information will be supplied by the System.

(g) Sensitivity analysis. This paragraph requires disclosure of the sensitivity of the NPL to changes in the discount rate. The following presents the collective NPL of the System, calculated using the discount rate of 7.50 percent, as well as what the System's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
All Membership Groups			
Total Pension Liability	\$37,347,372,926	\$33,370,318,731	\$30,013,988,227
Fiduciary Net Position	<u>\$28,429,834,829</u>	<u>\$28,429,834,829</u>	<u>\$28,429,834,829</u>
Net Pension Liability	(E) \$8,917,538,097	(F) \$4,940,483,902	(G) \$1,584,153,398
Regular Members			
Total Pension Liability	\$35,184,513,533	\$31,451,851,955	\$28,301,217,788
Fiduciary Net Position	<u>\$26,480,405,923</u>	<u>\$26,480,405,923</u>	<u>\$26,480,405,923</u>
Net Pension Liability	(11) \$8,704,107,610	(12) \$4,971,446,032	(13) \$1,820,811,865
Sheriffs and Deputies			
Total Pension Liability	\$665,523,821	\$591,002,036	\$528,431,123
Fiduciary Net Position	<u>\$578,331,440</u>	<u>\$578,331,440</u>	<u>\$578,331,440</u>
Net Pension Liability	\$87,192,381	\$12,670,596	(\$49,900,317)
Protection Occupation			
Total Pension Liability	\$1,497,335,572	\$1,327,464,740	\$1,184,339,316
Fiduciary Net Position	<u>\$1,371,097,466</u>	<u>\$1,371,097,466</u>	<u>\$1,371,097,466</u>
Net Pension Liability	\$126,238,106	(\$43,632,726)	(\$186,758,150)



(h)(4) and (5) Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions are considered Deferred Outflows of Resources and Deferred Inflows of Resources. In addition, any employer contributions subsequent to the Measurement Date are also Deferred Outflows of Resources. This information will be provided by the individual employers.

(i) The following tables provide the Deferred Outflows of Resources and Deferred Inflows of Resources as of June 30, 2015 for the Regular Membership, Sheriffs and Deputies and Protection Occupation groups that will be recognized in PE in future years:

Regular Membership		
Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	(14) \$247,683,406	(19) \$385,860,452
2017	(15) 247,683,406	(20) 385,860,452
2018	(16) 247,683,406	(21) 385,860,451
2019	(17) 210,238,186	0
2020	(18) 2,527,059	0
Thereafter	0	0

Sheriffs and Deputies		
Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$4,027,715	\$10,081,577
2017	4,027,715	10,081,577
2018	4,027,715	10,081,578
2019	4,027,716	561,203
2020	0	6,047
Thereafter	0	0



SECTION IV – NOTES TO FINANCIAL STATEMENTS

The material presented herein will follow the order presented in GASB 68. Paragraph numbers are provided for ease of reference. Amounts are shown in the aggregate. The Iowa Public Employees' Retirement System will determine the proportionate share of certain amounts for individual employers as required by GASB 68.

Paragraph 74: The information required is to be prepared by the Iowa Public Employees' Retirement System and/or the individual employer.

Paragraph 75: The information required is to be prepared by the individual employer.

Paragraphs 76(a) – (d): The information required is to be supplied by The Iowa Public Employees' Retirement System.

Paragraph 77: This paragraph requires information regarding the significant actuarial assumptions used to measure the TPL. The complete set of actuarial assumptions utilized in developing the TPL are outlined in Appendix C. The TPL was determined by an actuarial valuation performed as of June 30, 2015, using the following key actuarial assumptions:

Price Inflation	3.00 percent
Salary increases, including wage inflation	4.00 to 17.00 percent
Long-term Rate of Return, net of investment expense, including price inflation	7.50 percent
Municipal Bond Index Rate	3.82 percent
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of investment expense, including price inflation	7.50 percent



Rates of Mortality

Mortality rates were based on the RP-2000 Generational Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Projection Scale AA. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables. See Appendix C for more detailed descriptions.

The actuarial assumptions used in the June 30, 2015 valuation are based on the results of the most recent actuarial experience study, which covered the four-year period ending June 30, 2013. That experience study report is dated May 27, 2014.

Paragraph 78

(a) Discount rate (SEIR). The discount rate used to measure the TPL at June 30, 2015 was 7.50%. There was no change in the discount rate since the Prior Measurement Date.

(b) Projected cash flows. The projection of cash flows used to determine the discount rate assumed that plan contributions from employees and employers will be made according to the current Contribution Rate Funding Policy (see Appendix D):

- a. Employee contribution rate: 40% of the Required Contribution Rate for Regular and Protection Occupation membership. 50% of the Required Contribution Rate for Sheriffs and Deputies. See Appendix B for more detail.
- b. Employer contribution rate: 60% of the Required Contribution Rate for Regular and Protection Occupation membership. 50% of the Required Contribution Rate for Sheriffs and Deputies. See Appendix B for more detail.

Based on those assumptions, the pension plan's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on plan assets of 7.50% was applied to all periods of projected benefit payments to determine the TPL.

(c) Long-term rate of return. The long-term expected rate of return on plan assets is reviewed every four years as part of the regular experience study. The most recent analysis, performed for the period covering fiscal years 2010 through 2013, is outlined in a report dated May 27, 2014. Generally, several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed using assumptions for each major asset class, as well as estimates of variability and correlations, provided by the System's investment consultant, Wilshire. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant



Paragraph 79: The required information will be supplied by the Iowa Public Employees' Retirement System.

Paragraph 80:

- (a)-(b) This information will be supplied by the Iowa Public Employees' Retirement System.

- (c) The Measurement Date of the collective NPL is June 30, 2015. The TPL as of June 30, 2015 was determined based on the June 30, 2015 actuarial valuation for funding, dated October 29, 2015.

- (d) There were no changes in the actuarial assumptions since the Prior Measurement Date.

- (e) There was no change in the benefit terms that affected measurement of the TPL since the prior Measurement Date.

- (f) The information will be supplied by the Iowa Public Employees' Retirement System.

- (g) Please see Section III for the development of the collective PE. The Iowa Public Employees' Retirement System will provide the proportionate share for each participating employer.

- (h)(1) – (3) Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce PE they are labeled Deferred Inflows of Resources. If they will increase PE they are labeled Deferred Outflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are recognized over the average expected remaining service life of the active and inactive System members at the beginning of the measurement period. Investment gains and losses are recognized equally over a five-year period.

Paragraph 53 of GASB 68 states that the employer's proportionate share of PE and Deferred Inflows and Outflows should be determined using the employer's proportionate share of the collective NPL. Since the allocation of the collective NPL will be performed separately for each of the membership groups, Regular Membership, Sheriffs and Deputies and Protection Occupation groups, the PE and Deferred Inflows and Outflows are also allocated by membership group.

The following tables show the Deferred Outflows of Resources and Deferred Inflows of Resources as of June 30, 2015 for each of the three membership groups in the Iowa Public Employees' Retirement System: (1) the Regular Membership, (2) Sheriffs and Deputies and (3) Protection Occupation.



SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

There are several tables of Required Supplementary Information (RSI) that need to be included in the System's financial statements:

Paragraphs 81(a) and (b): This information will be provided by the Iowa Public Employees' Retirement System Employer Self-Service through I-Que.

Paragraph 82: Information about factors that significantly affect trends in the amounts reported in the schedules required by paragraph 81 should be presented as notes to the schedules. At this point, only two years are being reported in the Schedule of the Employer's Proportionate Share of the Net Pension Liability. Comments on additional years will be added as they occur. Employers should have the information available to report ten years in the Schedule of Employer Contributions.

Changes of benefit and funding terms: The following changes were made by the Iowa Legislature and reflected in the valuation performed as of June 30 listed below:

6/30/2015 Valuation:

- None

6/30/2014 Valuation:

- None

Changes in actuarial assumptions:

6/30/2015 Valuation:

- None

6/30/2014 valuation:

- The inflation assumption decreased from 3.25% to 3.00% per year.
- The assumed rate of interest on member accounts was decreased from 4.00% to 3.75% per year.
- Male mortality rates for Regular members were adjusted:
 - State males were changed to the RP-2000 Healthy Annuitant Table using generational mortality projections with no age adjustment.
 - School males were changed to the RP-2000 Healthy Annuitant Table using generational mortality projections with a 1-year age set back and rates decreased by 5% below age 75.
 - Other males were changed to the RP-2000 Healthy Annuitant Table using generational mortality projections with no age adjustment.
- Retirement rates were reduced for Sheriffs and Deputies between the ages of 55 and 64.
- Beginning June 30, 2014, the Amortization Method amortizes the June 30, 2014 UAL as a level percentage of payroll over a closed 30-year period. Each year thereafter, changes in the UAL will result in the establishment of new amortization bases. The future bases arising from plan experience will be amortized over a closed 20-year period beginning on the date the base is established. The amortization period for changes in the UAL due to plan amendments and assumption changes will be determined by the Investment Board at the time they occur.

IPERS June 30, 2015 Collective Pension Amounts

Collective Amounts at June 30, 2015:

All Membership Groups	Regular Group	Sheriffs & Dep	Prot Occupation	
Total Pension Liability	\$ 33,370,318,731	\$ 31,451,851,955	\$ 591,002,036	\$ 1,327,464,740
Fiduciary Net Position	\$ 28,429,834,829	\$ 26,480,405,923	\$ 578,331,440	\$ 1,371,097,466
Net Pension Liability	\$ 4,940,483,902	\$ 4,971,446,032	\$ 12,670,596	\$ (43,632,726)
FNP as a % of TPL	85.19%	N/A	N/A	N/A
Pension Expense	\$ 430,416,121	\$ 419,252,565	\$ (456,998)	\$ 11,620,554
Deferred Outflows of Resources				
Experience	\$ 75,112,218	\$ 75,112,218	\$ -	\$ -
Assumptions	\$ 136,876,402	\$ 136,876,402	\$ -	\$ -
Earnings	\$ 797,987,652	\$ 743,826,843	\$ 16,110,861	\$ 38,049,948
Totals	\$ 1,009,976,272	\$ 955,815,463	\$ 16,110,861	\$ 38,049,948
Deferred Inflows of Resources				
Experience	\$ 11,313,441	\$ -	\$ 2,931,166	\$ 8,382,275
Assumptions	\$ 3,598,278	\$ -	\$ 3,469,632	\$ 128,646
Earnings	\$ 1,239,531,479	\$ 1,157,581,355	\$ 24,411,184	\$ 57,538,940
Totals	\$ 1,254,443,198	\$ 1,157,581,355	\$ 30,811,982	\$ 66,049,861

Enter data from the 2015 IPERS Schedule of Employer Allocations into the Shaded Boxes in this Tab.

2015 Employer Contributions	\$ -			
(for this employer)				
2015 Total Plan Contributions	\$ 658,615,389	\$ 615,620,171	\$ 9,832,625	\$ 33,162,593
(Total as recognized by Plan)				
Employer Proportionate Share % (Computed)		0.000000%	0.000000%	0.000000%
Employer Proportionate Share % (Per IPERS Spreadsheet)				
Difference, if any		0.000000%	0.000000%	0.000000%

Computed Totals for Employer	GASB 68 Report Totals	Per IPERS GASB REPORT			Difference
		Regular	Sheriffs & Deputies	Protection Occupation	
\$ -	\$ -				\$ -

IPERS June 30, 2015 Collective Pension Amounts

Change in NPL due to 1% (for the Plan):				
Decrease to 6.50%	\$ 8,917,538,097	\$ 8,704,107,610	\$ 87,192,381	\$ 126,238,106
NPL at 7.50%	\$ 4,940,483,902	\$ 4,971,446,032	\$ 12,670,596	\$ (43,632,726)
Increase to 8.50%	\$ 1,584,153,398	\$ 1,820,811,865	\$ (49,900,317)	\$ (186,758,150)

Change in NPL due to 1% (for this Employer):									
Decrease to 6.50%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
NPL at 7.50%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
Increase to 8.50%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -

Deferred Outflows for this Employer:									
Experience	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
Assumptions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -

Deferred Inflows for this Employer:									
Experience	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
Assumptions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -

Pension Expense for this Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
(Proportionate Share)									

Average Expected Remaining Service Life: 5.26 years

* Per totals of Employer Contributions in IPERS Schedules of Employer Allocations and Collective Pension Amounts by Employer Report.

00

Regular Membership Group

Amortization Schedule of the Net Change in the Proportion and Contributions (GASB 68 paragraphs 54 & 55)

(Per GASB 68 paragraph 52 the change in proportion and contributions may be netted for the year)

Year of Deferral	Amortization Period in years	Amount of Deferral	Amount to be Amortized in:								
			2015	2016	2017	2018	2019	2020	2021		
Deferred outflows of resources:											
2015	5.28										
2016	5.26										
Deferred inflows of resources:											
2015	5.28		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	5.26		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total current year amortization			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Amortization of Deferred Outflows and Deferred Inflows of Resources:

To be amortized during: Year ending June 30,	Deferred Outflows of Resources				Deferred Inflows of Resources			
	Collective per Actuary Report	Employer's Proportion	From Above	Total	Collective per Actuary Report	Employer's Proportion	From Above	Total
2017	\$ 247,683,406	\$ -	\$ -	\$ -	\$ (385,860,452)	\$ -	\$ -	\$ -
2018	\$ 247,683,406	\$ -	\$ -	\$ -	\$ (385,860,452)	\$ -	\$ -	\$ -
2019	\$ 247,683,406	\$ -	\$ -	\$ -	\$ (385,860,451)	\$ -	\$ -	\$ -
2020	\$ 210,238,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ 2,527,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Thereafter	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ 955,815,463	\$ -	\$ -	\$ -	\$ (1,157,581,355)	\$ -	\$ -	\$ -

Proportionate %: 0.000000% (Column G X D38)

(Column M X D38)



Iowa Association of School Business Officials

Revisiting GASB 68 Handouts

Andrew E. Nielsen, CPA
Deputy Auditor of State

March 31, 2016

2016 Sample CSD GASB 68 Data

<u>Employer ID #</u>	<u>Employer Name</u>	<u>2015 Employer Contributions</u>	<u>Employer Proportionate Share Within This Group**</u>	<u>Net Pension Liability (NPL)</u>	<u>Change in NPL due to 1% Decrease in the Actuarial Assumed Investment Return (6.50 %)</u>	<u>Change in NPL due to 1% Increase in the Actuarial Assumed Investment Return (8.50%)</u>	<u>Differences Between Expected and Actual Experience</u>
Regular							
XXXXX	Sample CSD	2681398 <u>(1)</u>	0.435560% <u>(2)</u>	21,653,655 <u>(3)</u>	37,911,654 <u>(4)</u>	7,930,737 <u>(5)</u>	327,159 <u>(6)</u>
	Total for all entities	\$ 615,620,171	100.000000%	4,971,446,032	8,704,107,610	1,820,811,865	75,112,218

(7)

2016 Sample CSD GASB 68 Data

Changes of Assumptions	Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Total Deferred Inflows of Resources	Total Proportionate Share of Plan Pension Expense
596,180 (7)	3,239,816 (8)	4,163,155 (9)	- (10)	- (11)	5,041,967 (12)	5,041,967 (13)	1,826,099 (14)
136,876,402	743,826,843	955,815,463	-	-	1,157,581,355	1,157,581,355	419,252,565

(B)

IPERS June 30, 2015 Collective Pension Amounts

Collective Amounts at June 30, 2015:

	All Membership Groups	Regular Group	Sheriffs & Dep	Prot Occupation
Total Pension Liability	\$ 33,370,318,731	\$ 31,451,851,955	\$ 591,002,036	\$ 1,327,464,740
Fiduciary Net Position	\$ 28,429,834,829	\$ 26,480,405,923	\$ 578,331,440	\$ 1,371,097,466
Net Pension Liability	\$ 4,940,483,902	\$ 4,971,446,032	\$ 12,670,596	\$ (43,632,726)
FNP as a % of TPL	85.19%	N/A	N/A	N/A
Pension Expense	\$ 430,416,121	\$ 419,252,565	\$ (456,998)	\$ 11,620,554
Deferred Outflows of Resources				
Experience	\$ 75,112,218	\$ 75,112,218	\$ -	\$ -
Assumptions	\$ 136,876,402	\$ 136,876,402	\$ -	\$ -
Earnings	\$ 797,987,652	\$ 743,826,843	\$ 16,110,861	\$ 38,049,948
Totals	\$ 1,009,976,272	\$ 955,815,463	\$ 16,110,861	\$ 38,049,948
Deferred Inflows of Resources				
Experience	\$ 11,313,441	\$ -	\$ 2,931,166	\$ 8,382,275
Assumptions	\$ 3,398,278	\$ -	\$ 3,469,632	\$ 128,646
Earnings	\$ 1,239,531,479	\$ 1,157,581,355	\$ 24,411,184	\$ 57,538,940
Totals	\$ 1,254,443,198	\$ 1,157,581,355	\$ 30,811,982	\$ 66,049,861

Enter data from the 2015 IPERS Schedule of Employer Allocations into the Shaded Boxes in this Tab.

2015 Employer Contributions (for this employer)	\$ 2,681,398	(1) \$ 2,681,398		
2015 Total Plan Contributions (Total as recognized by Plan)	\$ 658,615,389	\$ 615,620,171	\$ 9,832,625	\$ 33,162,593
Employer Proportionate Share % (Computed)		0.435560%	0.000000%	0.000000%
Employer Proportionate Share % (Per IPERS Spreadsheet)		(2) 0.435560%		
Difference, if any		0.000000%	0.000000%	0.000000%

Computed Totals for Employer	GASB 68 Report Totals	Per IPERS GASB REPORT			Difference
		Regular	Sheriffs & Deputies	Protection Occupation	
\$ 2,681,398	\$ 2,681,398	\$ 2,681,398			\$ -

References are to pages **(A)** & **(B)**.

IPERS June 30, 2015 Collective Pension Amounts

Change in NPL due to 1% (for the Plan):				
Decrease to 6.50%	\$ 8,917,538,097	\$ 8,704,107,610	\$ 87,192,381	\$ 126,238,106
NPL at 7.50%	\$ 4,940,483,902	\$ 4,971,446,032	\$ 12,670,596	\$ (43,632,726)
Increase to 8.50%	\$ 1,584,153,398	\$ 1,820,811,865	\$ (49,900,317)	\$ (186,758,150)

Change in NPL due to 1% (for this Employer):									
Decrease to 6.50%	\$ 37,911,650	\$ -	\$ -	\$ 37,911,650	\$ 37,911,654	(4) \$ 37,911,654			\$ (4)
NPL at 7.50%	\$ 21,653,653	\$ -	\$ -	\$ 21,653,653	\$ 21,653,653	(3) \$ 21,653,655			\$ (2)
Increase to 8.50%	\$ 7,930,736	\$ -	\$ -	\$ 7,930,736	\$ 7,930,737	(5) \$ 7,930,737			\$ (1)

Deferred Outflows for this Employer:									
Experience	\$ 327,159	\$ -	\$ -	\$ 327,159	\$ 327,159	(6) \$ 327,159			\$ 0
Assumptions	\$ 596,179	\$ -	\$ -	\$ 596,179	\$ 596,180	(7) \$ 596,180			\$ (1)
Earnings	\$ 3,239,816	\$ -	\$ -	\$ 3,239,816	\$ 3,239,816	(8) \$ 3,239,816			\$ (0)
Totals	\$ 4,163,154	\$ -	\$ -	\$ 4,163,154	\$ 4,163,155	(9) \$ 4,163,155	\$ -	\$ -	\$ (1)

Deferred Inflows for this Employer:									
Experience	\$ -	\$ -	\$ -	\$ -	\$ -	(10) \$ -			\$ -
Assumptions	\$ -	\$ -	\$ -	\$ -	\$ -	(11) \$ -			\$ -
Earnings	\$ 5,041,967	\$ -	\$ -	\$ 5,041,967	\$ 5,041,967	(12) \$ 5,041,967			\$ (0)
Totals	\$ 5,041,967	\$ -	\$ -	\$ 5,041,967	\$ 5,041,967	(13) \$ 5,041,967	\$ -	\$ -	\$ (0)

Pension Expense for this Employer (Proportionate Share)	\$ 1,826,098	\$ -	\$ -	\$ 1,826,098	\$ 1,826,099	(14) \$ 1,826,099			\$ (1)
---	--------------	------	------	--------------	--------------	--------------------------	--	--	--------

Average Expected Remaining Service Life: 5.26 years

* Per totals of Employer Contributions in IPERS Schedules of Employer Allocations and Collective Pension Amounts by Employer Report.



IPERS June 30, 2014 Collective Pension Amounts

Collective Amounts at June 30, 2014:

	All Membership Groups	Regular Group	Sheriffs & Dep	Prot Occupation
Total Pension Liability	\$ 32,004,456,088	\$ 30,204,846,287	\$ 556,135,092	\$ 1,243,474,709
Fiduciary Net Position	\$ 28,038,549,893	\$ 26,157,761,036	\$ 559,260,253	\$ 1,321,528,604
Net Pension Liability	\$ 3,965,906,195	\$ 4,047,085,251	\$ (3,125,161)	\$ (78,053,895)
FNP as a % of TPL	87.61%	N/A	N/A	N/A
Pension Expense	\$ 308,768,810	\$ 302,914,115	\$ (1,292,895)	\$ 7,147,590
Deferred Outflows of Resources				
Experience	\$ 43,983,968	\$ 43,983,968	\$ -	\$ -
Assumptions	\$ 178,607,013	\$ 178,607,013	\$ -	\$ -
Earnings	\$ -	\$ -	\$ -	\$ -
Totals	\$ 222,590,981	\$ 222,590,981	\$ -	\$ -
Deferred Inflows of Resources				
Experience	\$ 10,726,700	\$ -	\$ 3,695,570	\$ 7,031,130
Assumptions	\$ 4,695,315	\$ -	\$ 4,527,447	\$ 167,868
Earnings	\$ 1,652,708,638	\$ 1,543,441,807	\$ 32,548,245	\$ 76,718,586
Totals	\$ 1,668,130,653	\$ 1,543,441,807	\$ 40,771,262	\$ 83,917,584

Enter data from the 2014 IPERS Schedule of Employer Allocations into the Shaded Boxes in this Tab.

	Computed Totals for Employer	GASB 68 Report Totals	Per IPERS GASB REPORT			Difference
			Regular	Sheriffs & Deputies	Protection Occupation	
2014 Employer Contributions (for this employer)	\$ 2,586,255	\$ 2,586,255	\$ 2,586,255			\$ -
2014 Total Plan Contributions (Total as recognized by Plan)	\$ 638,243,687	\$ 596,301,902	\$ 9,523,640	\$ 32,418,145		
Employer Proportionate Share % (Computed)		0.433716%	0.000000%	0.000000%		
Employer Proportionate Share % (Per IPERS Spreadsheet)		0.433716%				
Difference, if any		0.000000%	0.000000%	0.000000%		

IPERS June 30, 2014 Collective Pension Amounts

Change in NPL due to 1% (for the Plan):									
Decrease to 6.50%	\$ 7,796,570,740	\$ 7,646,853,934	\$ 67,428,486	\$ 82,288,320					
NPL at 7.50%	\$ 3,965,906,195	\$ 4,047,085,251	\$ (3,125,161)	\$ (78,053,895)					
Increase to 8.50%	\$ 732,967,671	\$ 1,008,507,575	\$ (62,375,451)	\$ (213,164,453)					
Change in NPL due to 1% (for this Employer):									
Decrease to 6.50%	\$ 33,165,606	\$ -	\$ -	\$ -	\$ 33,165,606	\$ 33,165,612	\$ 33,165,612		\$ (6)
NPL at 7.50%	\$ 17,552,844	\$ -	\$ -	\$ -	\$ 17,552,844	\$ 17,552,847	\$ 17,552,847		\$ (3)
Increase to 8.50%	\$ 4,374,056	\$ -	\$ -	\$ -	\$ 4,374,056	\$ 4,374,057	\$ 4,374,057		\$ (1)
Deferred Outflows for this Employer:									
Experience	\$ 190,765	\$ -	\$ -	\$ -	\$ 190,765	\$ 190,765	\$ 190,765		\$ 0
Assumptions	\$ 774,647	\$ -	\$ -	\$ -	\$ 774,647	\$ 774,647	\$ 774,647		\$ (0)
Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Totals	\$ 965,412	\$ -	\$ -	\$ -	\$ 965,412	\$ 965,412	\$ 965,412	\$ -	\$ 0
Deferred Inflows for this Employer:									
Experience	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Assumptions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Earnings	\$ 6,694,150	\$ -	\$ -	\$ -	\$ 6,694,150	\$ 6,694,151	\$ 6,694,151		\$ (1)
Totals	\$ 6,694,150	\$ -	\$ -	\$ -	\$ 6,694,150	\$ 6,694,151	\$ 6,694,151	\$ -	\$ (1)
Pension Expense for this Employer (Proportionate Share)	\$ 1,313,786	\$ -	\$ -	\$ -	\$ 1,313,786	\$ 1,313,786	\$ 1,313,786		\$ 0

Average Expected Remaining Service Life: 5.28 years

* Per totals of Employer Contributions in IPERS Schedules of Employer Allocations and Collective Pension Amounts by Employer Report.

2

SAMPLE ENTITY 2016 GASB 68 CALCULATOR - Regular Membership Group

Shaded Boxes require manual input - everything else is intended to be formula driven

Calculation of the Change in Proportion:

Beginning balance collective measures (June 30, 2014):		
Experience differences - from IPERS GASB 68 spreadsheet		
Assumption differences - from IPERS GASB 68 spreadsheet		
Earnings differences - from IPERS GASB 68 spreadsheet		
Totals - should agree to IPERS collective amounts		
	(%)	(Recomputed)
Employer's prior year proportionate share	0.433716%	\$ 17,552,856
Experience differences - from IPERS GASB 68 spreadsheet		
Assumption differences - from IPERS GASB 68 spreadsheet		
Earnings differences - from IPERS GASB 68 spreadsheet		
Totals	(%)	
Employer's current year proportionate share	0.435560%	

Net Pension Liability
\$ 4,047,085,251

Deferred Outflows of Resources	Deferred Inflows of Resources
\$ 43,983,968	\$ -
\$ 178,607,013	\$ -
\$ -	\$ 1,543,441,807
\$ 222,590,981	\$ 1,543,441,807
\$ 190,765	\$ -
\$ 774,647	\$ -
\$ -	\$ 6,694,151
\$ 965,412	\$ 6,694,151

Difference between Proportionate Share of Collective contributions and employer's actual contributions:

Total employer contributions (as recognized by IPERS)	\$ 615,620,171
Employer's proportionate share of total employer contributions (Using current year %.)	\$ 2,681,395
Employer's actual contributions - per IPERS spreadsheet	\$ 2,681,398
Difference [increase (decrease)in deferred inflows of resources]	\$ (3)

Proportionate Shares of Collective Balances

Deferred Outflows

Experience differences	
Assumption differences	
Earnings differences	

Deferred Inflows

Experience differences	
Assumption differences	
Earnings differences	

Net Pension Liability

Collective Pension Expense	\$ 419,252,565	X	\$ 1,826,098	(Per IPERS spreadsheet)
	(Collective pension expense)			(Recomputed)

	Proportionate Share @	
	June 30, 2014 0.433716%	June 30, 2015 0.435560%
	(a)	(b)
\$ 190,765	\$ 327,159	
\$ 774,647	\$ 596,180	
\$ -	\$ 3,239,816	
\$ -	\$ -	
\$ -	\$ -	
\$ 6,694,151	\$ 5,041,967	
\$ 17,552,847	\$ 21,653,655	
0.435560%	\$ 1,826,096	
(Proportionate %)		(Recomputed)

Change in Proportionate Share of

Debit Balances (b) - (a)	Credit Balances (b) - (a)
\$ 136,394	
\$ (178,467)	
\$ 3,239,816	
	\$ -
	\$ -
	\$ (1,652,184)
	\$ 4,100,808

W

Change in Entity's Proportion (2a)

(GA5B 68 Paragraph 54)

	Collective amounts at June 30, 2014	Proportionate Share @		Change in Proportionate Share of	
		June 30, 2014	June 30, 2015	Debit Balances	Credit Balances
		0.433716%	0.435560%	(b) - (a)	(b) - (a)
	(a)	(b)			
Deferred Outflows of Resources	\$ 222,590,981	\$ 965,413	\$ 969,517	\$ 4,105	
Deferred inflows of Resources	\$ 1,543,441,807	\$ 6,694,154	\$ 6,722,615		\$ 28,461
Net Pension Liability	\$ 4,047,085,251	\$ 17,552,856	\$ 17,627,485		\$ 74,628
Total of changes in the Entity's beginning reported balances				\$ 4,105	\$ 103,089
Amount to be recognized for the net effect of the change in the Entity's proportion on beginning reported balances				\$ 98,985	
Total of amounts recognized for the change in Entity's proportion				\$ 103,089	\$ 103,089

Entity's contributions during the measurement period (2b)

(GASB 68 Paragraph 55)

	Collective Amount	Proportionate	Entity	Difference
		Share at 6/30/2014	Contributions	
		0.435560%	(b)	(b) - (a)
		(a)		
Employer contributions (Per page 22 of ITERS June 30, 2015 GASB 68 Actuary Report)	\$ 613,976,718	\$ 2,674,237	\$ 2,681,398	\$ 7,161

**Net effect of change in proportion and differences between
Entity contributions and proportionate share of contributions (2c)**

(Per GASB 68 Paragraph 52 these may be netted)

	Deferred Outflows of Resources	Total Change in Proportionate Share	Pension Expense
Change in proportion (from 2a) above	80,166	98,985	18,818
Contributions during measurement period (from 2b) above	5,800	7,161	1,361
Net amount recognized	<u>85,966</u>	<u>106,146</u>	<u>20,179</u>
	[X-(X/H90)]		(X/H90)
Average expected remaining service life for all System members:	5.26	years	

F

Journal Entries for Entity's Year Ended June 30, 2016 (June 30, 2015 measurement date)

	<u>DR</u>	<u>CR</u>	
Deferred Outflows			
Difference Between Expected and Actual Experience	\$ 136,394	\$ -	
Changes in Assumptions	(178,467)		
Differences between Projected and Actual Investment earnings	\$ 3,239,816		Net
Deferred Inflows of Resources from proportion change	85,966	-	
Pension Expense			
Pension Expense	1,826,096		
Pension Expense - amortization of proportion change	20,179		
Pension Expense - rounding	37		
Deferred inflows			
Differences Between Expected and Actual Experience		-	
Change in Assumptions			
Difference between Projected and Actual Investment earnings	\$ 1,652,184		Net
Deferred Outflows of Resources			
- Entity contributions from 7/01/2014 through 6/30/2015		2,681,398	
Net Pension Liability (1)		4,100,808	
Deferred Inflows of Resources - from Proportionate Change	\$ 93,443		
Pension expense (1)		\$ 93,443	
Totals	<u>\$ 6,782,206</u>	<u>\$ 6,782,206</u>	
		<u>\$ 0</u>	

Check figure

To record pension accrual amounts for the year ended June 30, 2016 based on the June 30, 2015 measurement date.

Regular Membership Group

Amortization Schedule of the Net Change in the Proportion and Contributions (GASB 68 paragraphs 54 & 55)

(Per GASB 68 paragraph 52 the change in proportion and contributions may be netted for the year)

Year of Deferral	Amortization Period in years	Amount of Deferral	Amount to be Amortized in:						
			2015	2016	2017	2018	2019	2020	2021
Deferred outflows of resources:									
2015	5.28								
2016	5.26								
Deferred inflows of resources:									
2015	5.28	\$ (493,380)	\$ (93,443)	\$ (93,443)	\$ (93,443)	\$ (93,443)	\$ (93,443)	\$ (26,164)	
2016	5.26	\$ 106,145	\$	\$ 20,180	\$ 20,180	\$ 20,180	\$ 20,180	\$ 20,180	\$ 5,247
Total current year amortization			\$ (93,443)	\$ (73,264)	\$ (73,264)	\$ (73,264)	\$ (73,264)	\$ (5,984)	\$ 5,247

Amortization of Deferred Outflows and Deferred Inflows of Resources:

To be amortized during: Year ending June 30,	Deferred Outflows of Resources				Deferred Inflows of Resources			
	Collective per Actuary Report	Employer's Proportion	From Above	Total	Collective per Actuary Report	Employer's Proportion	From Above	Total
2017	\$ 247,683,406	\$ 1,078,810		\$ 1,078,810	\$ (385,860,452)	\$ (1,680,654)	\$ (73,264)	\$ (1,753,917)
2018	\$ 247,683,406	\$ 1,078,810		\$ 1,078,810	\$ (385,860,452)	\$ (1,680,654)	\$ (73,264)	\$ (1,753,917)
2019	\$ 247,683,406	\$ 1,078,810		\$ 1,078,810	\$ (385,860,451)	\$ (1,680,654)	\$ (73,264)	\$ (1,753,917)
2020	\$ 210,238,186	\$ 915,713		\$ 915,713	\$ -	\$ -	\$ (5,984)	\$ (5,984)
2021	\$ 2,527,059	\$ 11,007		\$ 11,007	\$ -	\$ -	\$ 5,247	\$ 5,247
Thereafter	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ 955,815,463	\$ 4,163,150	\$ -	\$ 4,163,150	\$ (1,157,581,355)	\$ (5,041,961)	\$ (220,528)	\$ (5,262,490)

Proportionate %: 0.435560% (Column G X D38) (Column M X D38)

9

Journal Entries for Entity's Year Ended June 30, 2016 (June 30, 2015 measurement date)

	Regular Membership		Sheriff		Protection		Total	
	DR	CR	DR	CR	DR	CR	DR	CR
Deferred Outflows								
Difference Between Expected and Actual Experience	\$ 136,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,394	\$ -
Change in Assumptions	(178,467)	-	\$ -	\$ -	-	-	(178,467)	-
Differences between Projected and Actual Investment earnings	3,239,816	-	\$ -	-	-	-	3,239,816	-
Deferred Inflows of Resources from proportion change	85,966	-	-	-	-	-	85,966	-
Pension Expense								
Pension Expense	1,826,096	-	-	-	-	-	1,826,096	-
Pension Expense - amortization of proportion change	20,179	-	-	-	-	-	20,179	-
Pension Expense - rounding	37	-	-	-	-	-	37	-
Deferred Inflows								
Difference Between Expected and Actual Experience	-	-	-	-	-	-	-	-
Change in Assumptions	-	-	-	-	-	-	-	-
Difference between Projected and Actual Investment	-	(1,652,184)	-	-	-	-	-	(1,652,184)
Deferred Outflows of Resources	-	-	-	-	-	-	-	-
- Entity contributions from 7/01/2015 through 6/30/2016	-	2,681,398	-	-	-	-	-	2,681,398
Net Pension Liability	-	4,100,808	-	-	-	-	-	4,100,808
Deferred inflows of Resources-from Proportionate Change (1)	93,443	-	-	-	-	-	93,443	-
Pension Expense (1)	-	93,443	-	-	-	-	-	93,443
Totals	\$ 5,223,465	\$ 5,223,465	\$ -	\$ -	\$ -	\$ -	\$ 5,223,465	\$ 5,223,465
Check figure		\$ 0		\$ -		\$ -		\$ 0

To record pension accrual amounts for the year ended June 30, 2016 based on the June 30, 2015 measurement date.

(1) To record amortization of prior year deferred inflows for the year ended June 30, 2016

Journal Entry to record deferred outflow at June 30, 2016:

				% Regular Contribution	Pension Expense
Deferred Outflows of Resources -	XXXX		#VALUE!		
E1000 Expenditures - Pension	XXXX		#VALUE!	#VALUE!	#VALUE!
E3000 Expenditures - Pension	XXXX		#VALUE!	#VALUE!	#VALUE!
E4000 Expenditures - Pension	XXXX		#VALUE!	#VALUE!	#VALUE!
E6000 Expenditures - Pension	XXXX		#VALUE!	#VALUE!	#VALUE!
E7000 Expenditures - Pension	XXXX		#VALUE!	#VALUE!	#VALUE!
E8000 Expenditures - Pension	XXXX		#VALUE!	#VALUE!	#VALUE!
E9000 Expenditures - Pension	XXXX		#VALUE!	#VALUE!	#VALUE!

To record employer contributions from July 1, 2015 through June 30, 2016 as deferred outflows.

7

	Deferred Outflows of Resources				Deferred Inflows of Resources				Net Amount for Footnote
	Regular	Sheriffs & Deputies	Protection Occupation	Total	Regular	Sheriffs & Deputies	Protection Occupation	Total	
2017	\$ 1,078,810	\$ -	\$ -	\$ 1,078,810	\$ (1,753,917)	\$ -	\$ -	\$ (1,753,917)	\$ (675,107)
2018	\$ 1,078,810	\$ -	\$ -	\$ 1,078,810	\$ (1,753,917)	\$ -	\$ -	\$ (1,753,917)	\$ (675,107)
2019	\$ 1,078,810	\$ -	\$ -	\$ 1,078,810	\$ (1,753,917)	\$ -	\$ -	\$ (1,753,917)	\$ (675,107)
2020	\$ 915,713	\$ -	\$ -	\$ 915,713	\$ (5,984)	\$ -	\$ -	\$ (5,984)	\$ 909,729
2021	\$ 11,007	\$ -	\$ -	\$ 11,007	\$ 5,247	\$ -	\$ -	\$ 5,247	\$ 16,254
Thereafter	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ 4,163,150	\$ -	\$ -	\$ 4,163,150	\$ (5,262,490)	\$ -	\$ -	\$ (5,262,490)	\$ (1,099,340)
		Check figure		<u>\$ 4,163,150</u>		Check figure		<u>\$ (5,262,490)</u>	<u>\$ (1,099,340)</u>

8

EMPLOYER CALCULATION OF TOTAL NET PENSION LIABILITY/(ASSET) AND PROPORTION

We will be posting 6 schedules, 3 for the 6/30/14 Measurement Date (one for each group of employees: Regular, Sheriffs and Deputies, and Protection Occupations) and 3 for the 6/30/15 Measurement Date (one for each group of employees).

Methodology: IPERS' actuary has calculated a Net Pension Liability/(Asset) for each employee group, as detailed in the GASB 68 Report posted on www.ipers.org. Using each employer's proportion of employer contributions paid to IPERS (i.e. your employer contributions divided by all employer contributions paid to IPERS), IPERS has apportioned the Net Pension Liability/(Asset) to each employer by employee group.

Using the steps detailed below, you will find the Net Pension Liability/(Asset) that has been apportioned to you. You will then calculate your total Net Pension Liability/(Asset) and your proportion (percentage) of the Net Pension Liability/(Asset) to report in your CAFR by dividing your total Net Pension Liability/(Asset) by IPERS' collective Net Pension Liability, as shown in the examples below.

- Step 1: Find all Employer ID Numbers for which you report.
- Step 2: If you have more than one type of employee (Regular, Sheriffs and Deputies, and Protection Occupations), find the Net Pension Liability/(Asset) for each group.
- Step 3: Total the Net Pension Liability/(Asset) column for all Employer ID rows and groups you have selected, as shown in the examples.
- Step 4: Take your total Net Pension Liability/(Asset) calculated in Step 3 and divide it by IPERS' collective Net Pension Liability to calculate your proportion to report in your CAFR.

NOTE: You will need to do this for the 6/30/2014 and the 6/30/2015 Measurement Dates

Measurement Date	IPERS Collective NPL
6/30/2015	\$4,940,483,902
6/30/2014	\$3,965,906,195

EXAMPLES

Measurement Date: 6/30/2015

EMPLOYER ID NUMBER	EMPLOYER_NAME	GROUP	Net Pension Liability/(Asset)
		Regular	21,653,655
		Sheriffs & Deputies	-
		Protection Occupation	-
			21,653,655
IPERS Collective Net Pension Liability/(Asset):			\$ 4,940,483,902
Entity's calculated proportion:			0.4382902%

Measurement Date: 6/30/2014

EMPLOYER ID NUMBER	EMPLOYER_NAME	GROUP	Net Pension Liability/(Asset)
		Regular	17,552,847
		Sheriff/Deputy	-
		Protection Occupation	-
			17,552,847
IPERS Collective Net Pension Liability:			\$3,965,906,195
Entity's calculated proportion:			0.4425936%

Change in Entity's collective proportion: **-0.004303%**

Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of pay and the District contributed 8.93% for a total rate of 14.8%.

The District's contributions to IPERS for the year ended June 30, 2016 were \$2,800,302.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the District reported a liability of \$21,653,655 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the District's collective proportion was 0.4382902%, which was an increase of 0.004303% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,752,869. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 327,159	\$ -
Changes of assumptions	596,180	-
Net difference between projected and actual earnings on pension plan investments	-	1,802,151
Changes in proportion and differences between District contributions and proportionate share of contributions	85,966	306,494
District contributions subsequent to the measurement date	(C) 2,800,302	-
Total	\$ (B) 3,809,607	\$ (A) 2,108,645

\$2,800,302 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2017	\$ (675,107)
2018	(675,107)
2019	(675,107)
2020	909,729
2021	16,252
Total	\$ (1,099,340)

PROOF U^o
 (A) 2,108,645
 (B) 3,809,607
 (C) 2,800,302
 -1,099,340
 →

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, depending on years of service, average, including inflation.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of IPERS' investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core-plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
District's proportionate share of the net pension liability	\$ 9,149,179	\$ 4,842,188	\$ 1,206,642

Pension Plan Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2016, the District reported payables to IPERS of \$107,704 for legally required employer contributions and \$71,762 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Sample Community School District

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last 2 Fiscal Years*
(In Thousands)

Required Supplementary Information

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.4382902%	0.4425935%
District's proportionate share of the net pension liability	\$21,654	\$ 17,553
District's covered-employee payroll	\$31,355	\$ 30,022
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	69.06%	58.47%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Sample Community School District

Schedule of District Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 2,800	2,681	2,586	2,481
Contributions in relation to the statutorily required contribution	<u>(2,800)</u>	<u>(2,681)</u>	<u>(2,586)</u>	<u>(2,481)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 31,355	30,222	28,961	28,617
Contributions as a percentage of covered-employee payroll *	8.93%	8.93%	8.93%	8.67%

* Amounts reported may not agree with calculated amounts due to rounding required contributions and covered payroll to nearest thousandth.

See accompanying independent auditor's report.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
2,310	1,964	1,946	1,794	1,458	1,459
<u>(2,310)</u>	<u>(1,964)</u>	<u>(1,946)</u>	<u>(1,794)</u>	<u>(1,458)</u>	<u>(1,459)</u>
-	-	-	-	-	-
28,625	28,255	27,998	28,285	24,096	25,372
8.07%	6.95%	6.95%	6.35%	6.05%	5.75%

Sample Community School District

Notes to Required Supplementary Information – IPERS Pension Liability

Year ended June 30, 2016

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service durations.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50 % to 3.25%.