GASB 68
Implementation Guide

For

FPPA Affiliated Defined Benefit Plans

Updated March 2018

FPPA

Fire & Police Pension Association of Colorado

GASB 68
Implementation Guide

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OVERVIEW & TIMELINE

OVERVIEW

The new Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial reports for Pensions*, (GASB 68) requirements affect all FPPA affiliated employers with members in FPPA administered defined benefit plans. Your financial statements will have additional line items, schedules and note disclosures per the requirements of GASB 68. FPPA is supplying much of the information you need to comply with these standards.

Throughout this guide, we will refer to employers that have affiliated with FPPA to administer their local defined benefit pension plans for volunteer firefighters, old hire police or old hire firefighters as "Agent Employers". These employers meet the GASB 68 definition for agent plan reporting. FPPA will provide the accounting schedules needed to satisfy the new reporting requirements and will refer to it as the "GASB 68 Report".

Throughout this guide, we will refer to employers that participate in the Statewide Defined Benefit Plan and the Statewide Hybrid Plan – Defined Benefit Component as "Cost-Sharing Employers". These employers meet the GASB 68 definition for cost-sharing plan reporting. FPPA will provide an audited report for each plan called the "Schedule of Employer Contributions" and "Schedule of Collective Pension Amounts" with accompanying notes. We will refer to this report as the "Schedules".

Employers that have employees or members participating in both cost-sharing plans and agent plans will need to review this guide in its entirety and work with your finance personnel and auditors to properly combine or segregate the reporting for your multiple plans.

This implementation guide is intended to be a resource to help you take your Schedules or GASB 68 Report provided by FPPA and apply the information to your financial reporting. FPPA recommends that you work with your auditor to discuss any GASB 68 detailed implementation questions as they review your implementation decisions since they issue an opinion on your financial statements. Your auditor may be able to assist you as you work through the calculations and journal entries associated with the implementation of GASB 68. The responsibility for preparing the financial statements resides with you.

There are additional resources listed at the end of this guide that may also be useful to you or your auditor.

Dates Used In This Guide

This Guide was developed for the full implementation of GASB 68 at its effective date. Employers may affiliate with FPPA at different times as first full-time paid members are hired or through reentry. All reporting provided by FPPA is on a one-year lag and all measurement and reporting dates are as of December 31. In this guide,

2014 represents the beginning balance year (restatement balances)
2015 represents the Year 1 implementation financial reporting date
2016 represents the Year 2 reporting date

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OVERVIEW & TIMELINE

REPORTS PROVIDED BY FPPA

Agent Employers

FPPA will provide Agent Employers with three documents related to GASB 68 reporting:

- GASB 68 Report prepared by Gabriel Roeder Smith, the plan actuary, for the December 31, 2014 measurement period to be used for the Agent Employer's December 31, 2015 reporting period;
- Service Organization Controls 1- Type 2 Services Report (SOC 1) on FPPA's design and operating effectiveness of controls;
- Re-issued December 31, 2014 allocation report that breaks out the "Investment Expense" and "Allocated Fees & Expenses" to agree with the amounts reported in FPPA's CAFR Schedule of Net Position by Participating Employer. You should sum the "Interest" through "Investment Expense" amounts to agree to "Net Investment Income" in the CAFR. To agree to "Administrative Expenses" reported in the CAFR, you should sum "Direct Allocated Plan Expense/Income" and "Allocated Fees & Expenses".

Cost-Sharing Employers

FPPA will provide Cost-Sharing Employers with two documents related to GASB 68 reporting:

- Audited Schedule of Employer Contributions and Schedule of Collective Pension Amounts with accompanying notes for the Statewide Defined Benefit Plan and the Statewide Hybrid Plan – Defined Benefit Component, as applicable;
- Contributions Summary report(s) to allow you to reconcile your internal records to amounts reported by FPPA for employer contributions received in the calendar year 2014.

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OVERVIEW & TIMELINE

GASB 68 IMPLEMENTATION TIMELINE

For Fiscal Years Ending December 31, 2015

This implementation guide is intended for Employers with a fiscal year that ends December 31, 2015 who will be using a “rollforward” number to calculate their Net Pension Liability (NPL). GASB 68 allows a rollforward or projected number for those Employers whose yearend falls in a time period where it will be difficult to have an actuarial valuation done in sufficient time with the closing of the Employer’s books. FPPA has only provided the required information as detailed below for each of the plans.

Statewide Defined Benefit Plan and
Statewide Hybrid Plan – Defined Benefit Component Employers
(Cost-Sharing Employers)

12/31/2015 Audit

- GASB 68 reporting will use the 1/1/2015 actuarial valuation
- Payroll attestation required for certain employers as selected by the Plan Auditors
- Market Value as of 12/31/2014; Employer makes 2015 contribution adjustment
- FPPA provides actuaries with any benefit improvement information from prior year
- GASB 68 report issued 12/2015; report will not be employer specific; FPPA will also provide employer contribution reporting for 2014 to enable calculation of proportionate share

12/31/2016 Audit

- GASB 68 reporting will use the 1/1/2016 actuarial valuation
- Payroll attestation required for certain employers as selected by the Plan Auditors
- Market Value as of 12/31/2015; Employer makes 2016 contribution adjustment
- FPPA provides actuaries with any benefit improvement information from prior year
- GASB 68 report issued 12/2016; report will not be employer specific; FPPA will also provide employer contribution reporting for 2015 to enable calculation of proportionate share

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Affiliated Volunteer Fire Pension Plans Employers (Agent Employers)

12/31/2015 Audit

- GASB 68 reporting will use the 1/1/2015 actuarial valuation
- Census Data to Employers for validation the first week of 1/2015; Returned to FPPA by 1/31/2015
- Market Value as of 12/31/2014; Employer makes 2015 contribution adjustment
- Employer's GASB 68 report issued 12/2015
- FPPA SOC 1 Type 2 Report available Q1/2015 and provided to employer with GASB 68 report 12/2015

12/31/2016 Audit

- GASB 68 reporting will use the 1/1/2015 actuarial valuation
- Census data to Employers for validation the first week 1/2016; Returned to FPPA by 1/31/2016
- Market Value as of 12/31/2015; Employer makes 2016 contribution adjustment
- FPPA provides actuaries with any benefit improvement information from prior year
- Employer's GASB 68 report issued 12/2016
- FPPA SOC 1 Type 2 Report available Q1/2016 and provided to employer with GASB 68 report 12/2016

Affiliated Old Hire Pension Plans Employers (Agent Employers)

12/31/2015 Audit

- GASB 68 reporting will use the 1/1/2014 actuarial valuation
- Census Data to Employers for validation the first week of 1/2015; Returned to FPPA by 1/31/2015
- Market Value as of 12/31/2014; Employer makes 2015 contribution adjustment
- FPPA provides actuaries with any benefit improvement information from prior year
- Employer's GASB 68 report issued 12/2015
- FPPA SOC 1 Type 2 Report available Q1/2015 and provided to employer with GASB 68 report 12/2015

12/31/2016 Audit

- GASB 68 reporting will use the 1/1/2016 actuarial valuation
- Census data to Employers for validation the first week 1/2016; Returned to FPPA by 1/31/2016
- Market Value as of 12/31/2015; Employer makes 2016 contribution adjustment
- FPPA provides actuaries with any benefit improvement information from prior year
- Employer's GASB 68 report issued 12/2016
- FPPA SOC 1 Type 2 Report available Q1/2016 and provided to employer with GASB 68 report 12/2016

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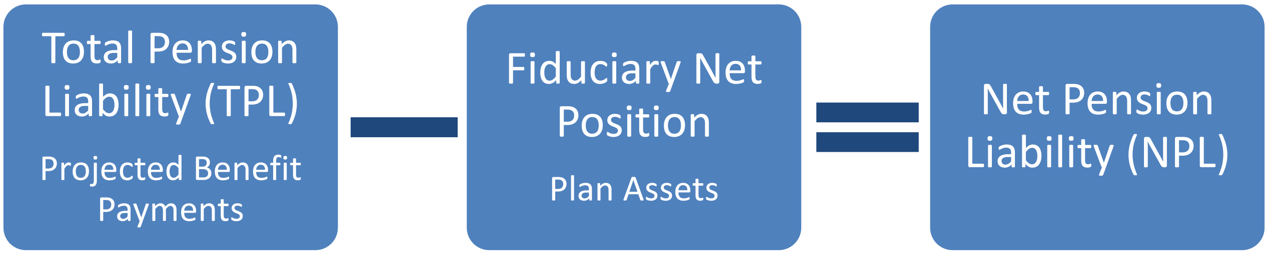
NET PENSION LIABLITY

Net Pension Liability is the difference between the Total Pension Liability and the Fiduciary Net Position (also called Market Value of Assets) as of the measurement date. For FPPA Employers the measurement date is December 31st of each year as detailed above in the Overview and Timeline.



NPL doesn’t have to be its own line item. This determination will be made by you and your auditor, and will depend on the size of the liability relative to other items on your balance sheet. NPL is a long-term liability and not immediately payable. In addition, it will be calculated differently from your Unfunded Actuarial Accrued Liability, which is computed for funding purposes.

Please note that instead of NPL, you could have a Net Pension Asset (NPA) on your balance sheet if your Fiduciary Net Position exceeds your TPL as of the measurement date. If you have an NPA, you’ll report this as a noncurrent asset.

RECORDING YOUR NET PENSION LIABILITY

For the first year of implementation, you will need to record an initial NPL on your balance sheet as of December 31, 2014. This is important because you will need it to compute your pension expense, which is based on the change of the NPL from year-to-year, adjusted for changes in deferred inflows and deferred outflows.

After your initial NPL is established, you’ll need to record your ending NPL as of December 31, 2015.

More detail on how to calculate these amounts is provided below for Cost-Sharing Employers and Agent Employers.

*** See the sample journal entry calculator for more detail of a complete calculation of the annual activity and resulting NPL in the Additional Resources section.*

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DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES

Deferred inflows of resources and deferred outflows of resources are the amounts that are permitted to be recognized as part of pension expense over a period of years. These amounts refer to items that are not yet recognized in the NPL or pension expense and include:

- Differences between expected and actual plan experience
- Changes in actuarial assumptions
- Differences between projected and actual investment earnings
- Employer contributions made subsequent to the measurement date through your fiscal year end

Deferred outflows are reported on the balance sheet below assets, while deferred inflows are reported below liabilities.

- Differences in plan experience and changes in assumptions will be amortized over the remaining service lives of current and former employees, and retirees.
- The differences between expected and actual investment earnings will be amortized over a five-year period.

Deferred inflows and outflows will need to be tracked each year. Cost-Sharing Employers can find the collective deferred inflows and outflows tables in Notes 9 and 10 to the Schedules.

Agent Employers can find the deferred inflows and outflows schedules in your GASB 68 Report and it looks similar to this:

Future Pension Expense/(income) - Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expense/Iincome

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/ (Inflows) of Resources
Differences between expected and actual experience	$0	$101,536	($101,536)
Assumption changes	0	0	0
Net Difference between projected and actual earnings on pension plan investments	23,740	0	23,740
Total	**$23,740**	**$101,536**	**($77,796)**

Future Pension Expense/(income) - Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expense/(income)

2016	($29,778)
2017	(29,778)
2018	(24,175)
2019	5,935
2020	0
Thereafter	0
Total	**($77,796)**

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DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES

Contributions made after the measurement date will need to be computed by you and will not be included in the Schedules or the GASB 68 Report. You will need to determine the annual employer contribution amount to be reflected as a deferred outflow of resources within your financial statements.

It is important to remember that for the differences and changes mentioned above, it is possible to have gains in one category and losses in another in the same year. The results will impact whether you have a deferred inflow or outflow.

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PENSION EXPENSE

The **pension expense** recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the certain changes in the liability and investment experience.

Cost-Sharing Employers can find the detail of Collective Pension Expense in Note 12 of the Schedules. This can be used as a reference for verifying the proportionate share of pension expense before deferred outflows and inflows specific to each Cost-Sharing Employer are calculated. Total pension expense recognized by the Cost-Sharing Employer is disclosed in the notes to the Cost-Sharing Employer's financial statements.

The Schedule of Pension Expense will be in the GASB 68 Report for Agent Employers and look similar to this:

Pension Expense/(Income) Under GASB Statement No. 68
Fiscal Year Ended December 31, 2015

Pension Expense/(Income)	
Service Cost	$110,075
Interest on the Total Pension Liability	413,410
Current-Period Benefit Changes	0
Projected Earngings on Plan Investments (made negative here to offset expense)	(312,896)
Pension Plan Administrative Expense	6,881
State of Colorado Supplemental Discretionary Payment	(80,000)
Recognition of Outflow (Inflow) of Resources due to Liabilities	(35,713)
Recognition of Outflow (Inflow) of Resources due to Assets	5,935
Total Pension Expense/(Income)	**$107,692**

The Current-Period Benefit Changes will reflect the impact of any benefit improvements effective in calendar years 2014 and 2015 for Agent Employer plans and for calendar year 2015 for Cost-Sharing Employer plans. Please note that the increased liability from any improvement to benefit provisions gets recognized immediately in the pension expense with no amortization and requires disclosure to describe the benefit improvement.

The State of Colorado Supplemental Discretionary Payment reflects contributions to the plan for the State Matching Funds program related to Volunteer Fire Plans only.

The Recognition of Outflow (Inflow) of Resources line items reflect the first year of amortization recognized in pension expense for deferred outflows and inflows of resources. These amounts were developed from the above referenced amounts in the deferred inflows and deferred outflows of resources section.

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AGENT EMPLOYERS

PREPARING JOURNAL ENTRIES

Each Agent Employer will need to make at least three journal entries in the first year to correctly record the impact of GASB 68 for reporting. The first journal entry is to book the pension accrual amounts for 2015 including the deferred outflows of resources, deferred inflows of resources, pension expense (including recognition of 2014 employer contributions to the plan), and NPL. The second journal entry is to record the deferred outflows of resources related to 2015 contributions to the plan. The third journal entry is to book the beginning balance (for 2014) as a restatement related to the NPL and deferred outflows of resources for 2014 employer contributions to the plan.

FPPA has provided a journal entry template to assist you in making these journal entries based on the GASB 68 Report provided. All data input is from your GASB 68 report and your accounting records. Information about where to find the template on the FPPA website is provided at the end of this guide.

BENEFIT CHANGES UNDER GASB 68 EFFECTIVE FOR 2014 AND 2015 ROLLFORWARDS

Benefit changes made by Agent Employers require a supplemental actuarial valuation to be prepared and then adopted by the local government's governing body. For those benefit changes adopted with an effective date in 2014 or 2015, the impact of that change is reported in the GASB 68 report provided with a measurement date of December 31, 2014 and an Agent Employer reporting date of December 31, 2015.

If you did not notify FPPA of benefit changes by November 1, 2015, they are not reflected in the GASB 68 report. In these cases, you will need to make the necessary adjustments to the financial statements to reflect the cost of the benefit improvements in your December 31, 2015 financial statements.

For Volunteer Fire Plans, if you are not sure if a benefit change is reflected in the GASB 68 report please check Section C - Benefit Provisions Used to Determine the Total Pension Liability as of December 31, 2014. For Old Hire plans, you will need to review amendments to your plan documents and compare the pension expense amounts to the January 1, 2014 actuarial funding valuation report.

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COST-SHARING EMPLOYERS

PROPORTIONATE SHARE

The proportionate share is defined as the proportionate relationship of one employer to all employers of the plan. The basis for the employer's proportion should be determined consistent with the manner in which contributions to the pension plan are determined. Only employer contributions are used to calculate the proportion (member contributions are not considered).

It is your decision to use the proportion you may calculate from the Schedule of Employer Contributions or to use some other allocation method that better represents your long-term contribution effort to the plan.

If you do use a proportionate share calculated from the Schedule of Employer Contributions, note that the contributions reported are based on the deposit date of the funds received. Some employer contributions amounts have been annualized if they had contributions for less than the calendar year or if employers had merged during the year.

You may need to combine the Employer Fire and Police Department reported contributions for the financial statements.

The proportionate share is used to calculate your share of collective net pension liability, collective pension expense and collective deferrals. These proportionate share amounts will then be used combined with your specific deferrals and amortization of deferrals to report NPL, pension expense and other required disclosure items.

PREPARING JOURNAL ENTRIES

Each Cost-Sharing Employer will need to make at least three journal entries in the first year to correctly record the impact of GASB 68 for reporting. The first journal entry is to book the pension accrual amounts for 2015 including the deferred outflows of resources, deferred inflows of resources, pension expense (including recognition of 2014 employer contributions to the plan), and NPL. The second journal entry is to record the deferred outflows of resources related to 2015 contributions to the plan. The third journal entry is to book the beginning balance (for 2014) as a restatement related to the NPL and deferred outflows of resources for 2014 employer contributions to the plan.

FPPA has provided a journal entry template to assist you in making these journal entries based on the Schedules provided. All data input is from the Schedules and your accounting records. Information about where to find the template on the FPPA website is provided at the end of this guide.

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COST-SHARING EMPLOYERS

BENEFIT CHANGES UNDER GASB 68 EFFECTIVE FOR 2015

Benefit changes may be implemented annually for the Statewide Defined Benefit Plan and Statewide Hybrid Plan – Defined Benefit Component on an ad-hoc basis. In the collective pension expense for both plans, there is an impact related to benefit improvements.

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NOTE DISCLOSURES

You are required to disclose various items related to the plans in your financial statement footnotes. FPPA has provided the data or information necessary for you to develop these required disclosures. These are required by GASB 68 to help explain your pension plan and the calculations associated with the reported plan amounts.

You will need to disclose	Information included in	
	Agent Employers	**Cost-Sharing Employers**
PLAN INFORMATION:		
Plan Description (general)	GASB 68 report	Schedules & FPPA CAFR – Footnote 1
Benefits	GASB 68 report for Volunteer Fire plans Actuarial funding report for Old Hire plans	Schedules & FPPA CAFR – Footnote 1
Contributions	GASB 68 report, FPPA Allocation report & Employer accounting records	Schedules & Employer accounting records reconciled with the Contributions Summary
NPL DISCLOSURES:		
Actuarial assumptions	GASB 68 report	Schedules
Long-term expected rate of return on investments including the target investment allocation and rates of return by asset class	FPPA CAFR – Footnote 4.C.	Schedules
Discount rate	GASB 68 report	Schedules
CHANGES IN THE NPL:		
Sensitivity analysis - This is the impact on the NPL when there is a +/-1% change in the discount rate	GASB 68 report	Schedules for collective FPPA amount – to be disclosed as your proportionate share
Pension Plan Fiduciary Net Position - Reference to the FPPA CAFR	GASB 68 report	Schedules
Pension expense	GASB 68 report	Schedules for collective FPPA amount – to be disclosed as your proportionate share
Schedule of deferred inflows of resources and deferred outflows of resources	GASB 68 report & Employer accounting records	Schedules for FPPA collective amount – to be disclosed as your proportionate share
Contributions payable as of year end	Employer accounting records	Employer accounting records

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REQUIRED SUPPLEMENTARY INFORMATION

In addition to the above detailed note disclosures, you will have two new required supplementary information schedules to report and associated notes to the schedules. Both can be derived from the Schedules or found in your GASB 68 Report.

AGENT EMPLOYERS

Schedule of Employer Contributions

The Schedule of Employer Contributions shows your required actuarial determined contributions from the actuarial valuation, compared with the actual contributions remitted over the past ten years. This schedule can be filled out prospectively but most Agent Employers will have the information from prior years.

The actuarial determined contributions are found in the biennial funding valuations. The amount reported is the required amount for the following two years (until the next funding valuation is completed). For example, if the report is dated January 1, 2013, the actuarial determined contribution is calculated for the calendar years 2014 and 2015. Further, if the plan has made any benefit improvements, the actuarial determined contribution to be reported should be based on the reported contribution amount reflecting the benefit improvement implemented based on the effective date of the benefit improvement.

The Schedule is provided for the current year in Section B of the GASB 68 report:

Required Supplementary Information
Schedule of Contributions Multiyear
Last 10 Fiscal Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d)=(b)-(c)	(e)	(f)
2014	$ 254,207	$ 197,940	$ 56,267	N/A	N/A

Most employers should be able to present this as a 10 year schedule
Volunteer and most Old Hire plans do not have employee-covered payroll and should note it or report the schedule as presented above

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Employer's Net Pension Liability and Related Ratios

The Schedule of Changes in Employer's Net Pension Liability and Related Ratios shows the changes in total pension liability less the statement of changes in fiduciary net position resulting in the Net Pension Liability calculation for you. There are ratios calculated, as well, involving covered employee payrolls. Note that this is a 10 year schedule to be built prospectively.

This information is provided directly in the GASB 68 report in Section B.

COST-SHARING EMPLOYERS

Schedule of Employer Contributions

The Schedule of Employer Contributions shows your required actuarial determined contributions from the actuarial valuation, compared with the actual contributions remitted over the past ten years. This schedule can be filled out prospectively but most Cost-Sharing Employers will have the information from prior year payroll records.

For Cost-Sharing Employers, the actuarial determined contribution should be based on your employer contribution percentage (typically 8 percent, except for reentry and supplemental Social Security employers) multiplied by your covered payroll for the year. The schedule will look like this:

Required Supplementary Information
Schedule of Employer Contributions
For the years ended December 31,

	2015	2014	2013
Statutorily required contribution	$ 143,920	$ 133,440	⟶
Contributions in relation to the statutorily required contribution	$ 143,920	$ 133,440	⟶
Contribution deficiency (excess)	$ -	$ -	
Employer's covered-employee payroll	$ 1,799,000	$ 1,668,000	⟶
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	⟶

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset)

The collective Net Pension Liability for 2014 and 2013 is found in Note 6 of the Schedules. You will have to calculate your proportionate share of the NPL and use your covered payroll to calculate the appropriate ratios.

The schedule will look like this:

Required Supplementary Information
Schedule of the *Employer's* Proportionate Share of the Net Pension Liability (Asset)
Fire & Police Pension Association of Colorado - Statewide Defined Benefit Plan
As of December 31,

	2015	2014
Employer's proportion of the net pension liability (asset)	0.50%	0.48%
Employer's proportion of the net pension liability (asset)	$ (564,288)	$ (429,210)
Employer's covered-employee payroll	$ 1,799,000	$ 1,668,000
Employer's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	-31.37%	-25.73%
Plan fiduciary net position as a percentage of the total pension liability	106.80%	105.80%

REPORTING GASB 68 IN YOUR FINANCIAL STATEMENTS FOR MULTIPLE PENSION PLANS

If your employees participate in multiple plans affiliated with FPPA or managed outside of FPPA, such as Colorado PERA or a municipal plan, you may be able to report your NPL, pension expense and deferred inflows and deferred outflows in the aggregate in your financial statements. NPL and NPA cannot be net as one amount. NPL is reported as an unrestricted liability whereas NPA is reported as a restricted asset in the Statement of Fiduciary Net Position. GASB 68 details these requirements in paragraphs 21 for Agent Employers and 51 for Cost-Sharing Employers.

Note disclosures and Required Supplementary Information will need to be detailed for each plan individually. GASB 68 details these requirements in paragraphs 37 – 45 for Agent Employers and paragraphs 74 – 82 for Cost-Sharing Employers.

Please work with your auditor to ensure proper reporting and disclosure to meet the GASB 68 requirements as there are differences based on measurement dates, types of plans and other reporting requirements within the footnotes and required supplementary information.

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OTHER CONSIDERATIONS

AUDIT IMPLICATIONS

If you have audited financial statements, your auditor will need assurance that your pension data is accurate. This is a shared responsibility between FPPA and your organization.

Agent Employers

FPPA will produce a Service Organization Control (or SOC 1) Report to provide assurance to your auditors that financial reporting data is reliable.

You will need evaluate your "employer controls" (called Complementary User Entity Controls detailed on pages 21 – 23 of the SOC 1 report) to ensure that the data in your financial statements regarding your FPPA administered plan is reliable. Each employer control addresses at least one aspect of data access, data accuracy and data submission. The employer controls listed include controls such as reviewing plan financial information provided by FPPA, reviewing membership data, approving retirement applications and ensuring appropriate, authorized access to the FPPA Employer Portal. You can review the complete list of employer controls in the SOC 1 report.

In addition to your employer controls, you and your auditor are responsible for verifying the data FPPA publishes. You'll need to review:

- GASB 68 Report;
- FPPA SOC 1 Report

All of this information is available in the annual reporting package issued in December by FPPA.

Additionally, FPPA has also developed a sample journal entry template that can be used by you to record the plan NPL and associated current year pension expense and deferred outflows and inflows. This template has not been audited and is intended to be a tool for you. The final calculation and journal entries are your responsibility.

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OTHER CONSIDERATIONS

Cost-Sharing Employers

FPPA will provide audited Statements of Employer Contributions and Collective Pension Amounts with extensive note disclosures. FPPA will also provide a detail of employer contributions by deposit date used to develop the Schedule of Employer Contributions as well as any explanation and calculation of adjustments to those amounts.

FPPA has also developed a sample journal entry template that can be used by you to calculate your proportionate share of the collective plan NPL and associated current year pension expense and deferred outflows and inflows. This template has not been audited and is intended to be a tool for you. The final calculation and journal entries are your responsibility.

Reentry Employers

Employers that have completed the reentry process will need to implement GASB 68 in their financial statements as described in this guide for the original GASB 68 implementation. Reentry employers will follow the guide for Cost-Sharing Employers as it relates to the Statewide Defined Benefit Plan and Statewide Hybrid Plan – Defined Benefit Component. For members that elected the Statewide Hybrid Plan - Money Purchase Only Component or to stay in the employer's local money purchase plan, employers should follow the defined contribution requirements of GASB 68.

As all relevant reporting information for the cost-sharing plans is reported on a one-year lag by FPPA, Cost-Sharing Employers will not be able to fully implement the reporting until the year after reentry. Reentry employers will need to restate their beginning balance and expand all the reporting and disclosures as described above in the year of full implementation. For the transitional year of reporting, employers should work with their auditors to ensure appropriate level of disclosure in their financial statements regarding the anticipated change in reporting and potential impact.

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YEAR 2 AND BEYOND

NEW FPPA REPORT DELIVERY AND ACCESS

FPPA is providing all of the same reports for your December 31, 2106 (and beyond) financial statements. However, they will no longer be mailed to you. These reports will be posted in the FPPA Employer Portal and available for download around November of each year.

The reports are available to the "GASB contact" for your department. Beginning in 2016, you may name more than one contact for this role. This contact is given access to the FPPA Employer Portal to download the reports.

For Cost-Sharing Employers, the Contributions Summary report will not be generated by FPPA and posted to the FPPA Employer Portal. The "contributions contact" is able to generate this report at any time through the Historical Reports section.

It is each employer's responsibility to maintain current access for these roles. We recommend completing an Employer Portal Access Form annually to ensure FPPA has been notified of all current contacts with access to the FPPA Employer Portal.

TRACKING DEFERRALS FOR MULTIPLE YEARS

The annual reporting provided by FPPA will only include the net current year activity. Each employer will need to develop a method to track the deferred outflows and inflows for multiple years. This will most likely be required as part of the audit support as well as being able to analyze the impact of current year and prior year activity.

A deferral tracking template is available in the Journal Entry Template for Year 2 on the FPPA website. It is not required to use this template, but it is available to start tracking these annual layers if you have not done so beginning in the implementation year.

For cost-sharing employers, a template to use for tracking the individual employer specific proportionate share changes is used as part of the journal entry template.

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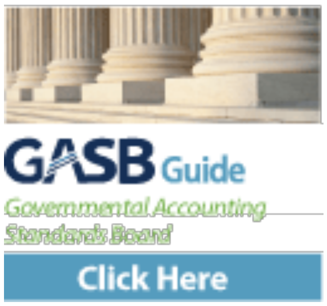
ADDITIONAL RESOURCES

FPPA Website ▪ www.FPPAco.org ▪ For updates and links to relevant FPPA resources.

FPPA Employer Webpage ▪ www.FPPAco.org/employers.html ▪ General Employer information.

FPPA GASB Guide Webpage ▪ www.FPPAco.org/GASB/overview.html



Once there you will find the following resources:

- GASB Statement No. 68 and GASB 68 Implementation Toolkit
- AICPA Whitepapers
- P2F2 Pension Communication Resources
- FPPA GASB 68 Implementation Guide
- Journal Entry Templates
- FAQ
- Employer Summit Presentations from previous years
- Videos for Old Hire and Volunteer Fire Plan Employers on how to read your GASB 68 Report
- Volunteer state funds letter from State Controller opining that the Department of Local Affairs payment of state funds to FPPA is not considered a special funding situation

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