

LSL 



WEBINAR

BACK TO BASICS | Earn 1 CPE credit

Pension & OPEB for Beginners

Wed, July 10
10:30AM PST



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Your LSL Team



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Getting Started





Obtain the Necessary Reports for Each Plan

- Determine which pension and OPEB plans you have that need to be reported
- Determine which reporting and measurement periods you are requesting
- CalPERS
 - Agent-multiple
 - Cost Sharing
- SBCERA & OCERS
- OPEB - need to request a separate actuarial for your plan

REQUEST YOUR REPORTS ASAP!!



GASB 68 Accounting Report

CalPERS ID: 12345678
Valuation Rate Plan Identifier:
123

**Prepared for
City of LSL**

**Miscellaneous Plan,
an Agent Multiple-Employer Defined
Benefit Pension Plan**

Measurement Date of June 30, 2023



**California Public Employees'
Retirement System**
Public Agency Cost-Sharing Multiple-Employer
Defined Benefit Pension Plan

Schedule of Employer Allocations for
Components of Net Pension Liability and
Schedule of Collective Pension Amounts
As of and for the Year Ended June 30, 2023



Additional Items

- Contribution data by plan for reporting year
- Prior year schedules
- Allocation percentages for the prior reporting year and current reporting year



Deferred Outflows - Contributions

- Determine the amount of contributions subsequent to the measurement date.
 - Dependent on measurement date of the report and agency's year end date.



Polling Question #1

What types of pension plans does your agency have?

- A. Agent-multiple employer
- B. Cost-sharing
- C. Both
- D. Is there really a difference?



Recording Your Entries



Recording Your Entries: When the Plan Balances are Calculated for You

- Record the total deferred inflows, outflows, and Net Pension Liability or Net OPEB liability based on the allocated percentage in the fund.



Changes in the Miscellaneous Risk Pool Net Pension Liability

The following table shows the changes in the net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Risk Pool Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) – (b)
Balance at: 06/30/2022	\$21,449,898,398	\$16,770,671,339	\$4,679,227,059
Beginning of Year Adjustment	\$0	\$0	\$0
Adjusted Balance at: 06/30/2022	\$21,449,898,398	\$16,770,671,339	\$4,679,227,059
Changes Recognized for the Measurement Period:			
Service Cost	525,033,498		525,033,498
Interest on Total Pension Liability	1,482,271,223		1,482,271,223
Changes of Benefit Terms	172,170		172,170
Changes of Assumptions	0		0
Differences Between Expected and Actual Experience	303,271,782		303,271,782
Net Plan to Plan Resource Movement		20,255	(20,255)
Contributions – Employer		735,524,264	(735,524,264)
Contributions – Employees		230,175,787	(230,175,787)
Net Investment Income		1,036,096,150	(1,036,096,150)
Benefit Payments, Including Refunds of Employee Contributions	(1,067,334,918)	(1,067,334,918)	0
Administrative Expense		(12,257,801)	12,257,801
Other Miscellaneous (Income)/Expense		0	0
Net Changes During 2022-23	\$1,243,413,755	\$922,223,737	\$321,190,018
Balance at: 06/30/2023	\$22,693,312,153	\$17,692,895,076	\$5,000,417,077



Recording Your Entries: Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$301,897,706	\$0
Differences Between Expected and Actual Experience	\$255,448,351	(\$39,626,181)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	809,612,518	0
Total	\$1,366,958,575	(\$39,626,181)



Example: Agent-Multiple Plan

- **Journal Entry #1:** Reverse Prior year deferred outflow for contributions.
- **Journal Entry #2:** Record current year deferred outflow for contributions.
- **Journal Entry #3:** Record the change in your Net Pension Liability and deferred inflows and outflows per the actuarial.



Example: Agent-Multiple Plan

- Ending Net Pension Liability per report is \$1,000,000
- Ending Deferred Outflows (per actuarial report): \$100,000
- Ending Deferred Outflows (contributions): \$50,000
- Ending Deferred inflows: \$50,000
- Allocation:
 - Government Wide: 75%
 - Water: 15%
 - Fleet Fund: 10%

Example: Agent-Multiple Plan

	2023	2024	Govt wide		Water		Fleet	
			2023	2024	2023	2024	2023	2024
			80%	75%	15%	15%	5%	10%
Net Pension Liability	750,000.00	1,000,000.00	600,000.00	750,000.00	112,500.00	150,000.00	37,500.00	100,000.00
Deferred Outflows	75,000.00	100,000.00	60,000.00	75,000.00	11,250.00	15,000.00	3,750.00	10,000.00
Deferred Inflows	25,000.00	50,000.00	20,000.00	37,500.00	3,750.00	7,500.00	1,250.00	5,000.00
Deferred Outflows - Contributions	5,000.00	10,000.00	4,000.00	7,500.00	750.00	1,500.00	250.00	1,000.00

Journal entry #1:

DR	Net Pension Liability	\$5,000
CR	Deferred Outflows from contributions	\$5,000.00

Journal entry #2:

DR	Deferred Outflows from contributions	\$10,000
CR	Pension Expense	\$5,000.00

Example: Agent-Multiple Plan



Fleet		
2023	2024	
5%	10%	Change
37,500.00	100,000.00	(62,500.00)
3,750.00	10,000.00	(6,250.00)
1,250.00	5,000.00	(3,750.00)
250.00	1,000.00	(750.00)

#1	Dr.	Net Pension Liability	250.00	
	Cr.	Deferred Outflows - Contributions		250.00
#2	Dr.	Deferred Outflows - Contributions	1,000.00	
	Cr.	Pension Expense		1,000.00
#3	Dr.	Pension Expense	60,250.00	
	Cr.	Net Pension Liability		62,750.00
	Dr.	Deferred outflows	6,250.00	
	Cr.	Deferred inflows		3,750.00



Polling Question #2

Who is preparing the GASB 68 and 75 journal entries at your agency this year?

- A. It is my responsibility
- B. It's another person in the department's job
- C. We have an outside agency preparing for us
- D. I have no idea who's doing them this year



Cost Sharing Plans

Recording Your Entries: Cost Sharing

- Cost sharing plans for CalPERS need to be calculated using your agency's proportionate share of the Liability.

California Public Employees' Retirement System
Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Employer Allocations for Components of Net Pension Liability
As of and for the Year Ended June 30, 2023

Employer CalPERS ID	Employer	Total Pension Liability Allocation Basis		Fiduciary Net Position Allocation Basis		
		June 30, 2022 Actuarial Accrued Liability	Employer Allocation Factor ¹	June 30, 2022 Market Value of Assets	2022-23 Additional Payments	Employer Allocation Factor ¹
Miscellaneous Risk Pool:						
5206367001	Academic Senate for California Community Colleges	\$ 2,697,143	0.0001225	\$ 2,153,676	\$ -	0.0001278
7252462115	Access Services Incorporated	27,985,424	0.0012708	22,070,680	-	0.0013093
5913005428	Agoura Hills and Calabasas Community Center	1,768,073	0.0000803	1,244,148	27,854	0.0000755
3711807738	Alameda Corridor Transportation Authority	12,328,336	0.0005598	9,673,397	200,000	0.0005857
6496722114	Alameda County Fire Department	26,855,171	0.0012195	21,219,463	-	0.0012588
5697343515	Alameda County Law Library	7,627,615	0.0003464	5,812,431	-	0.0003448
5854416969	Alameda County Mosquito Abatement District	17,116,088	0.0007772	12,330,880	-	0.0007315

Recording Your Entries: Cost Sharing



Cost-sharing plan example	Enter Prior Year Measurement Date	Enter information in Golden Rod Cells for Template			Enter Gov't Info In Yellow	
Prior Year Measurement Date:		Prior year Safety Pool Report (page 5)		Prior year Safety Pool Report (page 7)		
2022		TPL	FNP	NPL/(NPA)	Def Outflows	Def Inflows
Total Miscellaneous		21,449,898,398	16,770,671,339	4,679,227,059	1,430,562,735	(62,935,700)
Prior Year Rates (2023 rates)	Enter Current Year Measurement Date	0.0001161	0.0001222		0.0000942	0.0000942
		2,490,333.20	2,049,376.04	440,957	134,812.20	(5,930.88)
Current Year Measurement Date					Enter from page 5	
2023		TPL	FNP	NPL/(NPA)		
Changes Recognized for the Measurement Period:						
Service Cost		525,033,498	-	525,033,498	P	
Interest on TPL		1,482,271,223	-	1,482,271,223	P	
Changes of Benefit Terms		172,170	-	172,170	P	
Changes of Assumptions		-	-	-	D	
Differences between expected and actual experiences		303,271,782	-	303,271,782	D	
Net Plan to Plan Resources Movement		-	20,255	(20,255)	P	
Contributions - Employer		-	735,524,264	(735,524,264)	NPL	
Contributions - Employees		-	230,175,787	(230,175,787)	P	
Net Investment Income		-	1,036,096,150	(1,036,096,150)	D/P*	
Benefit Payments, including Refunds of Employee Contributions		(1,067,334,918)	(1,067,334,918)	-	P	
Administrative Expense		-	(12,257,801)	12,257,801	P	
Other Miscellaneous Expense		-	-	-		
Net Change		1,243,413,755	922,223,737	321,190,018		
Balance 6/30		\$ 22,693,312,153	\$ 17,692,895,076	\$ 5,000,417,077		

P = hit directly to pension expense

D = Deferred (inflow)/outflow over Expected Average Remaining Service Lifetime (EARS�)



Recording Your Entries: Cost Sharing

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	5.90%	6.90%	7.90%
Risk Pool's Net Pension Liability/(Asset)	\$ 894,753	\$ 518,779	209,320
Proportionate share of Deferred Inflows and Outflows			
	Deferred Outflows	Deferred Inflows	Total Net Out/(In)
Changes of Assumptions	\$ 31,321	\$ -	\$ 31,321
Differences between Expected and Actual Experiences	26,502	(4,111)	22,391
Net Difference between Projected and actual Earning on Pension Plan Investments	83,995	-	83,995
TOTAL	\$ 141,818	\$ (4,111)	\$ 137,707
Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:			
Measurement Periods Ended June 30:	Deferred Outflows/(Inflows) - Per CalPERS Report	Deferred Outflows/(Inflows) Employee Specific Report	Total Deferred Outflows/(Inflows)
2024	43,115	9,826	52,941
2025	28,760	9,826	38,586
2026	63,422	6,878	70,301
2027	2,410	-	2,410
2028	-	-	-
Remaining	-	-	-
Total	137,707	26,531	164,238

↑
~AVR

↑
~AVR

↑
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Recording Your Entries: Cost Sharing



City of LSL- Miscellaneous Pool

Enter Gov't Info In Yellow

GASB 68 Government Wide Journal Entry

Cost- Sharing Plans - Misc

June 30, 2023 Reporting Date

Note: Input figures into Orange cells only.

step 1 - DEFER CONTRIBUTIONS AFTER PENSION MEASUREMENT DATE

Reclassification of Pension Contributions - Journal Entry 1

Current year contributions that occurred after the measurement date of 6/30/2021 = 2022 contributions

	DR	CR
Dr - Deferred Outflows of Resources - contributions	\$ 10,510,196.00	
Cr - Pension expense*		\$ 10,510,196.00

* This can also be a contra account - "Pension expense - GASB 68"

step 2 - CHANGE IN PROPORTIONATE SHARE CONTRIBUTION

Reclassification of Pension Contributions - Journal Entry 2

Prior year contributions that occurred within the measurement period of 6/30/2020 (2021 contributions)

	DR	CR
DR - Net Pension Liability	\$ 1,682,284.00	
CR - Deferred Outflows of Resources - Contributions		\$ 1,682,284.00

step 3 - Enter CY Pensions expense and Deferred In/Outflows for plan portions

GOVERNMENT-WIDE

CY - ALLOCATION 80.0413%

PY - ALLOCATION 82.2972%

ACCT #	ACCT NAME	DEBIT	CREDIT
	Pension - Deferred Outflows	\$ 8,412,501	
SEE BREAKDOWN BELOW			\$ 8,412,501

Allocation of Pension Expense

Function	%	DEBIT	CREDIT
501 General Government	61.12%	\$ 5,141,729	
502 Public Safety	35.30%	\$ 2,969,824	
503 Community Development	1.00%	\$ 84,375	
504 Rec & Community Svcs.	0.36%	\$ 30,140	
505 Public Works	2.22%	\$ 186,433	
Economic Development	0.00%	\$ -	
		-	Check Figure

ACCT #	ACCT NAME	DEBIT	CREDIT
213	Net Pension Liability	\$ 1,384,473	
135	Pension - Deferred Outflows		\$ 1,384,473

Recording Your Entries: Cost Sharing



step 3 - Enter CY Pensions expense and Deferred In/Outflows for plan portions

	DR - Outflows "+	CR - Inflows "-"	Total
	2020	2020	2020
ENDING AMOUNTS FOR PY			
<i>Changes of Assumptions</i>	-	(106,204)	(106,204)
<i>Differences between Expected & Actual Experience</i>	767,343	-	767,343
<i>Net Difference between Projected and Actual Earnings</i>	442,341	-	442,341
<i>Adjustment due to Differences in Proportions</i>	1,438,441	-	1,438,441
<i>Difference in actual to proportionate share contribution</i>	-	(1,863,276)	(1,863,276)
	\$ 2,648,125	\$ (1,975,480)	\$ 672,645

	DR - Outflows "+	CR - Inflows "-"	Total
	2021	2021	2021
ENDING AMOUNTS FOR CY			
<i>Changes of Assumptions</i>	-	-	-
<i>Differences between Expected & Actual Experience</i>	633,874	-	633,874
<i>Net Difference between Projected and Actual Earnings</i>	-	(4,934,383)	(4,934,383)
<i>Adjustment due to Differences in Proportions</i>	1,363,503	-	1,363,503
<i>Difference in actual to proportionate share contribution</i>	-	(1,933,655)	(1,933,655)
	\$ 2,003,376	\$ (6,874,038)	\$ (4,870,662)

	DR - Outflows "+	CR - Inflows "-"	TOTAL
	DIFF	DIFF	DIFF
DIFFERENCE IN PY AND CY ENDING			
<i>Changes of Assumptions</i>	-	106,204	106,204
<i>Differences between Expected & Actual Experience</i>	(133,463)	-	(133,463)
<i>Net Difference between Projected and Actual Earnings</i>	(442,341)	(4,934,383)	(5,376,724)
<i>Adjustment due to Differences in Proportions</i>	(68,938)	-	(68,938)
<i>Difference in actual to proportionate share contribution</i>	-	(70,380)	(70,380)
	\$ (644,748)	\$ (4,838,553)	\$ (5,543,307)

Tie Prior year number to prior year CAFR to make sure you are starting with correct numbers

	DR - Outflows "+	CR - Inflows "-"
	2020	2020
	-	(87,403)
	631,502	-
	364,034	-
	1,183,797	-
	-	(1,538,361)
	\$ 2,179,333	\$ (1,625,764)

	DR - Outflows "+	CR - Inflows "-"
	2021	2021
	-	-
	507,361	-
	-	(3,943,546)
	1,096,168	-
	-	(1,552,526)
	\$ 1,603,529	\$ (5,502,072)

	DR - Outflows "+	CR - Inflows "-"
	DIFF	DIFF
	-	87,403
	(124,141)	-
	(364,034)	(3,943,546)
	(87,628)	-
	-	(14,165)
	\$ (575,803)	\$ (3,876,307)



Preparation and Documents for the Audit



Polling Question #3

How confident are you in your GASB 68 and GASB 75 entries?

- A. They are perfect.
- B. I could use some review, but I am pretty confident.
- C. My auditors or consultants do this for me.
- D. I am not sure what this means.



What Kind of Information is Needed for the Audit?

- Actuarial Report for the fiscal year (CalPERs, SBCERA, OCERS, etc.)
- Report for the Fiduciary Net Position (if applicable)
- Plan Audited Financial Statements
- GASB 68 and 75 Journal Entry
 - Supporting schedule for subsequent contributions
- Census Data as of Valuation Date and Contribution Reports



Why Do Your Auditors Need This?

- First to obtain their reasonable assurance over the recording of your pension/OPEB liabilities/assets, deferred inflows/outflows and expenses.
- What specifically are they looking at?
 - Actuarial Reports agree to your financial statements.
 - Journal entries are proper, and the allocation (if applicable) is reasonable.
 - The contributions subsequent to the measurement date are reasonably supported.

Example

	Discount Rate		
	5.90% (1% Decrease)	6.90% (Current Rate)	7.90% (1% Increase)
■ Measurement Date	6/30/2022		
■ Fiscal Year End	6/30/2023		
■ Net Pension Liability	\$ 22,455,187	\$ 14,959,786	\$ 8,792,930

LIABILITIES

Current:

Accounts Payable and Accrued Expenses	9,468,672
Accrued Wages and Related Payables	357,750
Accrued Interest	946,006
Customer Advances and Deposits	1,951,240
Current Portion of Compensated Absences	133,230
Current Portion of Certificates of Participation	3,605,000
Current Portion of Leases Payable	121,024
Current Portion of Subscriptions Payable	207,983

Total Current Liabilities

16,790,905

Noncurrent:

Compensated Absences	532,918
Certificates of Participation Payable	80,922,335
Leases Payable	109,531
Subscription Payable	313,617
Net Pension Liability	<u>14,959,786</u>

Total Noncurrent Liabilities

96,838,187

Total Liabilities

113,629,092

Example

	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience *	\$ 300,422	(201,209)
■ Changes of assumptions *	1,532,943	-
■ Net differences between projected and actual earnings on plan investments *	2,740,235	-
■ Change in employer's proportion **	105,367	(250,245)
■ Differences between the employer's contributions and the employer's proportionate share of contributions***	-	(656,750)
■ Pension contributions subsequent to measurement date	1,701,465	-
■ Total	<u>6,380,432</u>	<u>(1,108,204)</u>

DEFERRED OUTFLOWS OF RESOURCES

Unamortized Loss on Bond Defeasance
Pension-related
OPEB-related

Total Deferred Outflows of Resources

226,438
6,380,432
423,203

7,030,073

DEFERRED INFLOWS OF RESOURCES

Pension-related
OPEB-related

Total Deferred Inflows of Resources

1,108,204
395,979

1,504,183



Why Do Your Auditors Need This?

- Testing Census Data and Plan Contributions
 - Census Date anytime there is a new valuation date.
 - Auditor will usually test changes between the old valuation date and the new date.
 - Common items requested:
 - New hires and terminations for that period
 - Personnel Action Forms
 - Employee information
 - Plan Contributions
 - Current fiscal year information only
 - Payroll registers and contribution reports submitted to the plan operator



Common Mistakes



What are the Common Mistakes?

- Actuarial Report does not agree to the Journal Entry.
- The Allocation amongst your funds is incorrect.
- Footnote information lacks current information.
- Valuation Date (Typically 2 years behind) vs. Measurement Date (Typically 1 year behind) are confused.



Other Tips and Tricks

- MyCalPERS business partner access.
- Consultants – Often times more affordable and takes the pressure off your team.
- Use a template for JEs and write an SOP.



Polling Question #4

Who administers your pension plan?

- A. CalPERS
- B. OCERS
- C. SBCERA
- D. Someone else



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CALIFORNIA: Brea | Santa Ana | Laguna Hills | Sacramento

TEXAS: The Woodlands





Questions



WEBINAR

Mastering Accounts Receivable for Year-End

BACK TO BASICS | Earn 1 CPE credit

Tue, July 16
10:30AM PST