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EMPLOYER-LEVEL DEFERRALS AND PENSION EXPENSE

GASB STATEMENT NO. 68

EMPLOYER EDUCATIONAL VIDEO SERIES

LAWRENCE MUNDY, ACCOUNTING MANAGER







Employer-level Pension Deferrals

- » Deferred outflows of resources increases the net position
 - Amortized over time (in most cases)
- » Deferred inflows of resources decreases the net position
 - Amortized over time

Employer-level Pension Deferrals

- » Change in the employer's proportion
- » Difference between employer contributions and the amount of the employer's proportionate share of total contributions
- » Contributions subsequent to measurement date and prior to the end of the employer's reporting period

Employer-Level Pension Expense

Deferred Recognition	Effect on Employer-Level Pension Expense	Amortization Period
Change in proportion	 	Average expected remaining service life
Difference between actual employer contributions and the employer's proportionate share of total employer contributions	 	Average expected remaining service life
Contributions subsequent to measurement date	N/A	N/A

Change in Employer's Proportion

	Collective Pension Amounts as of Beginning of Year	1% of Amounts as of the Beginning of the Year	Amortization of Change in Proportion*
(A) Net pension liability	\$90,000,000	\$900,000	\$180,000
(B) Deferred outflows	\$29,000,000	\$290,000	\$58,000
(C) Deferred inflows	\$32,000,000	\$320,000	\$64,000
(A) – (B) + (C) Totals	—	\$930,000	\$186,000
Beginning of Year Deferred Outflow – Amortization = End of Year Deferred Outflow			
Employer-level deferred outflow for change in proportion	\$930,000 – \$186,000 =		\$744,000

* Assumes the average expected remaining service life of all actives and inactives equals 5 years.

Difference in Actual Contributions Versus Proportionate Share of Total Contributions

	Contribution Amounts During Measurement Period	Amortization of Actual vs. Proportionate Share of Contributions*
Actual employer contributions	\$5,000,000	—
Employer's proportionate share of total employer contributions	\$5,500,000 (50,000,000 x 0.11)	—
Actual contributions minus proportionate share of total contributions	(\$500,000)	(\$100,000)
Deferred Inflow – Amortization = End of Year Deferred Inflow		
Employer-level deferred inflow for difference between employer contributions and proportionate share of total contributions	\$500,000 – \$100,000 =	\$400,000

* Assumes the average expected remaining service life of all actives and inactive equals 5 years.

Employer Contributions Subsequent to Measurement Date

Employer's year-end or reporting date	6/30
Pension plan year-end or measurement date	12/31
Employer contributions subsequent to pension plan measurement date	\$2,600,000

Summary of Employer-Level Deferrals & Amortization Amounts

	Employer-Level Deferred Outflows of Resources	Employer-Level Deferred Inflows of Resources	Employer-Level Amortization Adjustment to Pension Expense
Change in proportion	\$744,000	\$0	\$186,000
Difference between employer contributions and proportionate share of total contributions	\$0	\$400,000	(\$100,000)
Net Amount	\$344,000	—	\$86,000
Employer contributions subsequent to measurement date	\$2,600,000	N/A	N/A

Additional Information

- » Paragraphs 52-53; 54-55 and 57 of GASB Statement No. 68
- » Implementation Guide for GASB 68: Questions 138, 144 -147 and Illustration 3b
- » Colorado PERA's ***GASB Reporting Standards*** web page
- » Please feel free to email Colorado PERA's GASB Work Group at **GASBMail@copera.org**