

Courtesy of Plante Moran

as presented at 2014 MSBO Financial Strategies Conference

Possible GASB 68 communication

What's New for June 30, 2015 audited financial statements?

Financial statements for June 30, 2015 will include a new line item

This new line item relates to an estimate of the district's share of the unfunded pension liability for the Michigan Public Schools Employee Retirement System (MPSERS).

This retirement system covers all district employees - not just teachers

This is required accounting from GASB - not an item the district neglected to report previously

What does this impact?

This amount will ONLY be reported on the government wide financial statement (issued once a year with the audited report)

What DOESN'T this impact?

This new line item will NOT affect the general fund and its operations

This new line items will NOT affect the amount the district is required to pay annually for the retirement system

What does this mean?

The statewide retirement system for school employees is UNDERFUNDED

Our annual required contribution attempts to get the plan more fully funded - but the rate is set by the State - not by individual districts

Recording the district's ESTIMATED share of the underfunded liability is REQUIRED

As a result, the GOVERNMENTWIDE FINANCIAL STATEMENTS for every district which participates in MPSERS will likely show a NEGATIVE net position. The General Fund, Fund Equity is NOT AFFECTED.

Districts, at least as of now, will NOT change the way in which they contribute dollars to the retirement system

What should community members do?

Pay attention to School funding related to the retirement system - the State is trying to correct this issue through restructure of the plan and through categorical aid.

Do NOT let this large negative number distract you from the district initiatives - ALL school districts in Michigan (who participate in the MPSERS program) have this liability reflected - your district did NOT do anything wrong.

Community efforts should be directed toward those things that can be influenced - programming, open dialogue about district priorities and focused attention on the district general fund results and fund balance.