

EXAMPLE COST SHARING PENSION PLAN
 Schedule of Employer Contributions

<u>Employer</u>	<u>Actual Employer</u>	<u>Employer Allocation Percentage</u>
Employer 1	2,143,842	36.376 %
Employer 2	268,425	4.554
Employer 3	322,142	5.466
Employer 4	483,255	8.199
Employer 5	633,125	10.742
Employer 6	144,288	2.448
Employer 7	95,365	1.618
Employer 8	94,238	1.599
Employer 9	795,365	13.495
Employer 10	267,468	4.538
Employer 11	403,527	6.847
Employer 12	165,886	2.815
Employer 13	68,454	1.161
Employer 14	6,240	0.106
Employer 15	2,144	0.036
Total	5,893,764	100.000 %

Illustration taken from SLGEP Pension Whitepaper Series, Cost-Sharing Multiple-Employer Plans
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EXAMPLE COST SHARING PENSION PLAN
Schedule of Pension Amounts by Employer

Employer	Deferred Outflows of Resources										Deferred Inflows of Resources				Pension Expense	
	Net Pension Liability (a)	Differences Between Expected and Actual Experience (a)		Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments (a)		Change of Assumptions (a)		Change in Proportionate Share of Contributions (b) and		Total Deferred Outflows of Resources	Total Deferred Inflows of Resources	Change in Proportionate Share of Contributions (b) and	Total Deferred Pension Expense (a)	Share of Proportionate Contributions (b)	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and	Total Employer Pension Expense
		Expected Experience (a)	Actual Experience (a)	Investments (a)	Pension Plan Investments (a)	Assumptions (a)	Change of Assumptions (a)	Proportionate Share of Contributions (b)	and							
Employer 1	45,224,620	438,859	1,569,847	1,404,206	695,426	4,108,338	355,917	-	726,425	1,082,342	1,907,283	12,375	1,919,658			
Employer 2	5,661,780	54,942	196,533	175,796	84,231	511,502	44,558	-	74,326	118,884	238,777	(1,793)	236,984			
Employer 3	6,795,628	65,945	235,892	211,001	117,354	630,192	53,481	-	98,465	151,946	286,596	(6,088)	278,508			
Employer 4	10,193,442	98,917	353,838	316,502	161,215	930,472	80,222	-	165,453	245,675	429,894	3,021	432,915			
Employer 5	13,355,038	129,597	463,584	414,668	199,845	1,207,694	105,103	-	197,645	302,748	563,229	(9,900)	553,329			
Employer 6	3,043,487	29,534	105,646	94,499	53,453	283,132	23,952	-	48,453	72,405	128,355	599	128,954			
Employer 7	2,011,585	19,520	69,827	62,459	33,458	185,264	15,831	-	35,345	51,176	84,836	625	85,461			
Employer 8	1,987,964	19,291	69,007	61,725	35,425	185,448	15,645	-	16,453	32,098	83,839	(5,712)	78,127			
Employer 9	16,777,717	162,811	582,393	520,941	248,356	1,514,501	132,040	-	284,543	416,583	707,576	8,405	715,981			
Employer 10	5,641,888	54,749	195,843	175,178	95,465	521,235	44,401	-	44,356	88,757	237,938	(1,188)	236,750			
Employer 11	8,512,562	82,606	295,490	264,312	136,453	778,861	66,993	-	148,543	215,536	359,005	1,254	360,259			
Employer 12	3,499,761	33,962	121,485	108,666	52,145	316,258	27,543	-	64,354	91,897	147,597	453	148,050			
Employer 13	1,443,418	14,007	50,104	44,818	23,156	132,085	11,360	-	33,453	44,813	60,874	(205)	60,669			
Employer 14	131,785	1,279	4,575	4,092	1,968	11,914	1,037	-	894	1,931	5,558	147	5,705			
Employer 15	44,757	434	1,554	1,390	1,456	4,834	352	-	698	1,050	1,888	7	1,895			
Total for All Entities	\$ 124,325,432	\$ 1,206,453	\$ 4,315,618	\$ 3,860,253	\$ 1,939,406	\$ 11,321,730	\$ 978,435	\$ -	\$ 1,939,406	\$ 2,917,841	\$ 5,243,245	\$ -	\$ 5,243,245	\$ -	\$ 5,243,245	

(a) Based on employer allocation percentage, as previously calculated

(b) Comparison of current and prior year employer allocation percentage

Illustration taken from SLGEP Pension Whitepaper Series, Cost-Sharing Multiple-Employer Plans
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EXAMPLE COST SHARING PENSION PLAN
Schedule of Pension Amounts by Employer

Employer	Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense			
	Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan	Change of Assumptions	Change in Proportionate Share of Contributions and Differences Between Employer Contributions and Proportionate Share of Contributions	Change in Proportionate Share of Contributions and Differences Between Employer Contributions and Proportionate Share of Contributions	Change of Assumptions	Change in Proportionate Share of Contributions and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Total Deferred Outflows of Resources	Proportionate Share of Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportionate Share of Contributions and Differences Between Employer Contributions and Proportionate Share of Contributions
December 31, 2014	\$ 5,641,888	\$ 54,749	\$ 195,843	\$ 175,178	\$ 95,465	\$ 521,235	\$ 44,401	\$ -	\$ 88,757	\$ 237,938	\$ (1,188)	\$ 236,750
December 31, 2013	5,646,128	52,000	210,000	142,000	93,000	497,000	46,000	-	91,000	91,000		
						<u>24,235</u>			<u>(2,243)</u>			

Plan Contributions

January 1, 2014 - December 31, 2014	\$ 267,468
January 1, 2015 - December 31, 2015	275,000

(contributions subsequent to the measurement date of the collective net pension liability and before the end of the reporting period)

Entry - January 1, 2015

Deferred outflow of resources - 2014 contributions	267,468
Deferred outflow of resources	497,000
Deferred inflow of resources	91,000
Proportionate share of collective net pension liability	5,646,128
Net position	<u>4,972,660</u>
	<u>5,737,128</u>
	<u>5,737,128</u>

Entry - December 31, 2015

Deferred outflow of resources - 2014 contributions	267,468
Proportionate share of collective net pension liability	-
Pension expense (Allocated by fund/function)	4,240
Deferred outflow of resources	236,750
Deferred inflow of resources	24,235
	<u>2,243</u>
	<u>267,468</u>
	<u>267,468</u>

Entry - December 31, 2015

Deferred outflow of resources - 2015 contributions	275,000
Pension expense (Allocated by fund/function)	275,000
	<u>275,000</u>
	<u>275,000</u>

Illustration 3a—Note Disclosures and Required Supplementary Information for a Cost-Sharing Employer (No Nonemployer Contributing Entities)

[Note: This illustration includes only note disclosures and required supplementary information required by Statement 68. If the employer includes the pension plan in its financial reporting entity, the employer should apply the requirements of footnotes 18, 20, and 25 of Statement 68, as applicable. The circumstances of this employer do not include all circumstances for which note disclosures and required supplementary information should be presented.]

Sample School District Notes to the Financial Statements for the Year Ended June 30, 20X9

(Dollar amounts in thousands)

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension Plan (TPP) and additions to/deductions from TPP's fiduciary net position have been determined on the same basis as they are reported by TPP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note X

[If the District's employees were provided with benefits through more than one defined benefit pension plan, the District should disclose information required by paragraph 74 of Statement 68 and should apply the requirements of paragraph 75 of Statement 68.]

General Information about the Pension Plan

Plan description. Teaching-certified employees of the District are provided with pensions through the Teachers Pension Plan (TPP)—a cost-sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement System (TRS). Article 33 of the State Statutes grants the authority to establish and amend the benefit terms to the TRS Board of Trustees (TRS Board). TRS issues a publicly available financial report that can be obtained at [Internet address].

Benefits provided. TPP provides retirement, disability, and death benefits. Retirement benefits are determined as 2.5 percent of the employee's final 3-year average compensation times the employee's years of service. Employees with 10 years of continuous service are eligible to retire at age 60. Employees are eligible for service-related disability benefits regardless of length of service. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal the employee's final full-year salary. [If the benefit terms included post-employment benefit changes, the District should disclose information about those terms, as required by paragraph 76b of Statement 68.]

[If the pension plan was closed to new entrants, the District should disclose that fact, as required by paragraph 76b of Statement 68.]

Contributions. Per Article 33 of the State Statutes, contribution requirements of the active employees and the participating school districts are established and may be amended by the TRS Board. Employees are required to contribute 6.20 percent of their annual pay. The school districts' contractually required contribution rate for the year

ended June 30, 20X9, was 17.32 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$2,095 for the year ended June 30, 20X9.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 20X9, the District reported a liability of \$14,910 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 20X8, 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 a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At December 31, 20X8, the District's proportion was 0.20 percent, which was an increase of 0.01 from its proportion measured as of December 31, 20X7.

[If there had been a change of benefit terms that affected the measurement of the total pension liability since the prior measurement date, the District should disclose information required by paragraph 80e of Statement 68.]

[If changes expected to have a significant effect on the measurement of the District's proportionate share of the net pension liability had occurred between the measurement date and the reporting date, the District should disclose information required by paragraph 80f of Statement 68.]

For the year ended June 30, 20X9, the District recognized pension expense of \$2,394. At June 30, 20X9, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,657	\$ 142
Changes of assumptions	1,714	130
Net difference between projected and actual earnings on pension plan investments	-	2,194
Changes in proportion and differences between District contributions and proportionate share of contributions	753	156
District contributions subsequent to the measurement date	1,065	-
Total	<u>\$ 6,189</u>	<u>\$ 2,622</u>

\$1,065 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 ended June 30, 20Y0. 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 ended June 30:	
20Y0	\$ (272)
20Y1	159
20Y2	220
20Y3	543
20Y4	553
Thereafter	1,299

Actuarial assumptions. The total pension liability in the December 31, 20X8 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 20X8 valuation were based on the results of an actuarial experience study for the period January 1, 20X6–October 31, 20X8. As a result of the 20X8 actuarial experience study, the expectation of life after disability was adjusted in the December 31, 20X8 actuarial valuation to more closely reflect actual experience.

[If the benefit terms included ad hoc postemployment benefit changes, the District should disclose information about assumptions related to those changes, as required by paragraph 77 of Statement 68.]

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	28%	1.3%
Domestic equity	31	5.4
International equity	21	5.6
Real estate	10	5.0
Private equity	7	7.4
Commodities	1	2.3
Cash	2	0.0
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. [If there had been a change in the discount rate since the prior measurement date, the District should disclose information about that change, as required by paragraph 78a of Statement 68.]

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 7.75 percent, 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-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 23,320	\$ 14,910	\$ 5,141

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report. [If significant changes had occurred that indicate that the disclosures included in the pension plan's financial report generally did not reflect the facts and circumstances at the measurement date, the District should disclose additional information, as required by paragraph 79 of Statement 68.]

Payables to the pension plan

[If the District reported payables to the defined benefit pension plan, it should disclose information required by paragraph 122 of Statement 68.]

Schedules of Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Teachers Pension Plan

Last 10 Fiscal Years*
(Dollar amounts in thousands)

	20X9	20X8	20X7	20X6	20X5	20X4	20X3	20X2	20X1	20X0
District's proportion of the net pension liability (asset)	0.20%	0.19%	0.19%	0.19%	0.20%	0.20%	0.20%	0.21%	0.21%	0.21%
District's proportionate share of the net pension liability (asset)	\$ 14,910	\$ 11,738	\$ 12,972	\$ 13,495	\$ 14,892	\$ 11,805	\$ 4,372	\$ (2,355)	\$ (1,264)	\$ (936)
District's covered-employee payroll	\$ 11,512	\$ 10,412	\$ 9,715	\$ 9,553	\$ 9,522	\$ 9,299	\$ 8,709	\$ 8,175	\$ 7,909	\$ 7,659
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	129.52%	112.74%	133.53%	141.25%	156.40%	124.80%	50.20%	(28.81%)	(15.96%)	(12.05%)
Plan fiduciary net position as a percentage of the total pension liability	81.38%	80.20%	80.41%	78.53%	75.79%	79.74%	91.78%	104.52%	102.63%	102.10%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

SCHEDULE OF DISTRICT CONTRIBUTIONS

Teachers Pension Plan

Last 10 Fiscal Years

(Dollar amounts in thousands)

	20X0	20X1	20X2	20X3	20X4	20X5	20X6	20X7	20X8	20X9	20X0
Contractually required contribution	\$ 2,095	\$ 1,969	\$ 1,649	\$ 1,176	\$ 898	\$ 620	\$ 769	\$ 800	\$ 1,082	\$ 1,082	\$ 1,082
Contributions in relation to the contractually required contribution	(2,095)	(1,969)	(1,649)	(1,176)	(898)	(820)	(769)	(880)	(1,082)	(1,082)	(1,082)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,087	\$ 10,063	\$ 9,634	\$ 9,538	\$ 9,410	\$ 9,004	\$ 8,442	\$ 8,042	\$ 7,784	\$ 7,784	\$ 7,784
Contributions as a percentage of covered-employee payroll	17.32%	19.57%	17.11%	12.33%	9.54%	9.10%	9.11%	10.04%	13.00%	13.00%	13.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**Notes to Required Supplementary Information
for the Year Ended June 30, 20X9**

Changes of benefit terms. Amounts reported in 20X8 reflect an increase in disability benefits to be equivalent to retirement benefits. Amounts reported in 20X4 reflect a modification to the benefit terms to incorporate a new definition of base compensation.

Changes of assumptions. Amounts reported in 20X9 reflect an adjustment of the expectation of life after disability to more closely reflect actual experience. For amounts reported in 20X6 and later, the expectation of retired life mortality was based on RP-2000 Mortality Tables rather than on the 1983 Group Annuity Mortality Table, which was used to determine amounts reported prior to 20X6. Amounts reported in 20X3 reflect an adjustment of expected retirement ages to more closely reflect actual experience. Amounts reported in 20X0 reflect an adjustment of assumed life expectancies to more closely reflect actual experience.