



GASBS 68 – Lessons Learned in the First Year

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Agenda

- **Introduction and Background**
- **Financial Reporting Issues Noted by OSA**
 - Timely Implementation
 - Restatement Calculation
 - Consistency with Plan Data
 - Required Supplementary Information (RSI) Schedules and Notes
 - State Agencies & State General Fund
 - Uncommon fiscal year end
 - Looking Ahead to FY16
- **Discussion and Feedback**
 - Areas for Further Improvement
 - Successes

Introduction and Background

GASBS 68 Financial Reporting Issues Noted by OSA

Financial Reporting Issues, *Timely Implementation*

Issues noted by OSA during review of FY15 audits:

GASBS 68 was not implemented/completely omitted

Comments/Corrective Actions:

GASBS 68 compliance required for years ending on or after June 15, 2015. If OSA determined that an entity did not implement GASBS 68 timely, the report was returned to the IPA for correction and resubmission. Net Pension Liability (NPL) must be booked and reported annually.

Financial Reporting Issues, *Restatement Calculation*

Issues noted by OSA during review of FY15 audits:

Restatement was calculated incorrectly, often based on the wrong fiscal year's contributions

Comments/Corrective Actions:

The previous year's contributions (FY14) are used to calculate the restatement. In some cases the calculations incorrectly used current year (FY15) contributions. In other cases the FY14 and FY15 contributions were combined.

Financial Reporting Issues, *Consistency with Plan Data*

**Issues noted by OSA during
review of FY15 audits:**

**Information reported by
individual entities was
different from information
reported on PERA and ERB
allocation schedules**

**Comments/Corrective
Actions:**

Multiple causes

- **Information associated
with a different entity was
reported by accident**
- **Entities reported entity
numbers that do not tie to
PERA and ERB**

Financial Reporting Issues, *Consistency with Plan Data (cont'd)*

Issues noted by OSA during review of FY15 audits:

Note disclosure verbiage referenced a plan that the entity does not participate in (ex. PERA for a school)

Comments/Corrective Actions:

- Content of note disclosure verbiage is different for ERB and PERA Employer members**
- OSA recommends incorporating validation of plan participation into IPA quality control report review process**

Financial Reporting Issues, *RSI Schedules and Notes*

**Issues noted by OSA during
review of FY15 audits:**

**Omission of RSI schedules
and/or required Notes to the
RSI**

**Comments/Corrective
Actions:**

LOTS of issues:

- **Report did not include RSI information**
- **RSI information included in Notes**
- **RSI schedules presented, but required note disclosures omitted**

Financial Reporting Issues, *RSI Schedules and Notes (cont'd)*

**Issues noted by OSA during
review of FY15 audits:**

**RSI schedules contain
incorrect information**

**Comments/Corrective
Actions:**

More issues:

- **Required schedules not labeled/identified as RSI**
- **Reported percentages do not tie to plan data (PERA & ERB allocation reports)**
- **Data in Schedule of Contributions does not reconcile to the Statement of Net Position**

Financial Reporting Issues, *State Agencies*

For stand alone state agency financial statements that exclude the net pension liability,

the financial statements should include note disclosure referring the reader to the statewide CAFR for the state's pension liability and other pension-related information

Financial Reporting Issues, *State General Fund*

The stand-alone report for the New Mexico Component Appropriation Funds (General Fund) should continue to include note disclosure of the net pension liability for all the state agencies of the State of New Mexico.

Financial Reporting Issues, *Uncommon Fiscal Year End*

- **Entities with fiscal years that are different than their plan need to work with their plan to ensure that they report the correct year's Schedule of Employer Allocations data**
- **PERA and ERB both have fiscal year ends of June 30**

GASBS 68, *Looking Ahead to FY16*

- **As with last year, PERA and ERB will provide an audited Schedule of Employer Allocations which will make available the allocated pension liability for each participant employer for their FY16 financial statements**
- **Remember that the RSI tables need to be updated each year and will eventually report 10 years of data**
- **Additional information is available on the PERA and ERB websites:**

<http://www.nmpera.org/for-employers/gasb-information>

<http://www.nmerb.org/Employers.html>

GASBS 68, Looking Ahead to FY16 (cont'd)

- PERA and ERB's 2014 Schedules of Employer Allocations are available on the OSA's website using the Audit Reports Search tool. The 2015 schedules will also be on the OSA's website.

The screenshot displays the website saonm.org/audit_reports. The header includes the New Mexico State Auditor's logo and contact information for Tim Keller. A search bar is present with the text "Audit Search" and a "GO" button. Below the search bar, the "Audit Reports Search" section shows "Current search terms: Keywords: allocation". Under "Results*", a note states: "*If report is not listed in results, it has not been received by the Office of the State Auditor at this time." The results list two items: "352-A - ERB Schedule of Employer Allocations and Pension Amounts (2014)" and "366-B - PERA Schedule of Employer Allocations (2014)". A "New Search" link is also visible.

Discussion and Feedback

Areas for Further Improvement

- **Difficulty reading PERA and ERB schedules**
 - Need double-check that you are on the correct line of the allocation schedule
- **Required Supplementation Information (RSI)**
 - LOTS of errors and omissions
 - Contact OSA with questions
- **Employee contributions paid by employers (i.e. employer pick-up)**
 - OSA will provide additional clarification
- **IPA Observations**
 - What did you see/hear?

Successes

- **Journal Entry Examples**
 - OSA will develop updated JE examples
 - August/September timeframe
- **More ERB Employer Member Entities asking questions about contributions, more understanding of entity responsibilities**
- **IPA Observations**
 - What did you see/hear?

Questions?