



Office of Retirement Services

Your partner in serving more than 530,000 customers

Michigan Public School Employees Retirement System

Agenda

- ◆ Pay Cycle Payments
- ◆ Technology Updates
- ◆ One-Time MPERS Liability Prepayment (Section 147d)
- ◆ Contribution Rates FY2015-16
- ◆ GASB 68

Pay Cycle Reporting & Payments – April 2015

- ◆ Pay Cycle Reports

- ◆ Reports must be accepted by the 5th business day from the end date of that report.
- ◆ Records must be posted by the 10th business day from the end date of that report.

- ◆ Pay Cycle Payments

- Payments are due the 7th business day from the end date of your pay cycle.

Example of April Transition Payroll Calendar

| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
|--------|---|--|------------------------------------|--------------------------------------|---|----------|
| Mar 29 | Mar 30 | Mar 31 | Apr 1 | Apr 2 | Apr 3 | Apr 4 |
| | Submit April report as soon as you can! | | | | Payday! | |
| Apr 5 | Apr 6 | Apr 7 | Apr 8 | Apr 9 | Apr 10 | Apr 11 |
| | Day 1 | Day 2 | Day 3 Deadline to Submit Report | Day 4 March Payment is due to ORS | Day 5 Deadline to Accept Payroll Report | |
| Apr 12 | Apr 13 | Apr 14 | Apr 15 | Apr 16 | Apr 17 | Apr 18 |
| | Day 6 | Day 7 Deadline for 1 st pay cycle payment to ORS | Day 8 | Day 9 | Day 10 Deadline to post payroll DB & DC Records at ORS | |

Technology Enhancements

- ◆ Messages on the home page
- ◆ Contacts Fields for HR Representatives and Business Officials/CFO
- ◆ DC Record Enhancements
- ◆ Employer Statement

DC Record Enhancements

- ◆ Deferral Amounts from the VOYA feedback :
 - Used to calculate DC and Personal Healthcare Fund (PHF) contributions.
 - Available on Member Benefit Link for each employee
- ◆ The Download Detail will display discrepancies.
- ◆ New Edits and Validations documents are available.
- ◆ Validation website available later this Spring

Feedback File

- ◆ The DC Feedback File will be available daily.
- ◆ Personal Healthcare Fund (PHF) and Defined Contribution (DC) deferral amounts will be separated.
- ◆ Validate Deferral Amounts with VOYA – ORS will provide a file.

Pay Cycle Statements & Recent Activity

- ◆ Defined Benefit (DB) and Defined Contribution (DC) balances available on one statement.
- ◆ Recent Activity
 - All activity on account since the last pay cycle.
 - Provides the same information as the statement - data is updating as reports post.
- ◆ Statements
 - Report data is locked
 - Available on the 7th business day from the end date of your pay cycle.

[Michigan.Gov](#)[Logoff](#)[Employer Info Site](#)[Contact Us](#)[ORS Home](#)

Working with : PUBLIC SCHOOLS, 12345

Pay Cycle Statement

Organization:
12345 - PUBLIC SCHOOLS
456 Any Street
Any City, MI 40000-000

Statement Period: 01/10/2015 - 01/23/2015
Payment Due Date: 02/05/2015

Beginning Balance

[Changes in unposted records from previous statements](#)[Contributions](#)

Posted
Unposted

[Fee Assessed](#)

Retirement Contributions Due

[ACH Payments Received](#)

Balance Due

Pending ACH Payments

Balance Due After Pending Payments

Defined Benefit**Defined Contributions**

\$423,398.86

\$1,542.63

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$423,398.86

\$1,542.63

\$2,176,196.99

\$18,128.70

(\$1,752,798.13)

(\$16,586.07)

\$0.00

\$0.00

(\$1,752,798.13)

(\$16,586.07)

[Print](#)

Timeline

| Month | Activity |
|-------|---|
| March | Ensure Contact Information Current |
| April | Pay Cycle Reporting and Payment Standards Effective |
| May | VOYA Deferral Percentage Validation Validation Site Open to all Schools |
| June | Education and Training Technology Enhancements Live |
| July | Education and Training continued |

Prepare for Enhancements

- ◆ Don't delay, start now
 - Report and Pay by Pay Cycle
 - Accept reports and post timely
- ◆ Reconcile with ORS
- ◆ Keep your contacts up to date

Stay Informed- www.michigan.gov/psru



Department of Technology, Management and Budget
Office of Retirement Services
Public School Reporting Units



New Reporting Units

Reporting Instruction Manual

Reporting Website

Contribution Rates

Reporting Forms

Education & Training

Employee Resources

Working After Retirement

2014-2015 Enhancements

Employer Communication Archive

What's New

- September 29, 2014: New Hire Elections Functionality and Reporting Standard
- September 24, 2014: Web Reporting New Hire Elections Functionality
- September 22, 2014: Member Expectations When Applying For Retirement
- September 11, 2014: Introduction to ORS Reporting **PDF**
- Back-to-School Checklist **PDF**
- August 26: Changes on how DTL4 records are processed
- July 11, 2014: Audit Services
- July 11, 2014: 2014 and 2015 Technology Enhancements
- July 29, 2014: Determining a New Employee's Benefit Plan

Featured Resources

Pension Plus website

Public school employees who first worked on or after July 1, 2010, but before September 4, 2012, should use www.mipensionplus.org for member information. A website for employees who first work on or after September 4, 2012, is coming soon.



One-Time MPERS Liability Prepayment

- ◆ Negative Supplemental proposed for the School Aid Budget (House Bill 4110)
- ◆ Cancels the “One-Time MPERS Liability Prepayment” (Section 147d) for current fiscal year
- ◆ No changes to the MPERS UAAL Stabilization Rate (section 147c)
- ◆ Budget and accounting implications

UAAL Rate Stabilization Update

Revised FY 2014-15 Employer Contribution Rates: K-12, ISD, Charter/PSA, Library, and Community College

Active Members

| Basic/MIP with Premium Subsidy | Pension Plus with Premium Subsidy | Pension Plus with PHF | Pension Plus to DC with PHF | Basic/MIP to DC with Premium Subsidy | Basic/MIP to DC with PHF | Basic/MIP with PHF |
|--------------------------------|-----------------------------------|-----------------------|-----------------------------|--------------------------------------|--------------------------|--------------------|
|--------------------------------|-----------------------------------|-----------------------|-----------------------------|--------------------------------------|--------------------------|--------------------|

The table below is provided for budgeting purposes only; changes to employer contribution rates used in payroll reporting¹ are not required. The MPSERS UAAL Stabilization Rate² is the estimated statewide impact on 2014-15 MPSERS UAAL Rate Stabilization funding. Because legislation calls for utilizing each entity's prior year salary as a base for distribution, the amount paid to each district will vary from the amount the district sets up as liability using that rate and current year payroll. The Total Rate⁴ is the estimated annual level percentage of the MPSERS payroll contribution rate.

Employer Defined Benefit (DB) Contribution Rates with MPSERS UAAL Rate Stabilization Amount:

| | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| DB Rate Charged on Reported Payroll: ¹ | 25.78% | 24.70% | 24.19% | 20.96% | 21.47% | 20.96% | 25.27% |
| MPSERS UAAL Stabilization Rate: ² | 7.63% | 7.63% | 7.63% | 7.63% | 7.63% | 7.63% | 7.63% |
| One-Time MPSERS Liability Prepayment: ³ | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Rate:⁴ | 33.41% | 32.33% | 31.82% | 28.59% | 29.10% | 28.59% | 32.90% |

Contribution Rates FY 2015-16

FY2015-16 Employer Contribution Rates: K12, ISD, Charter/PSA, District Library, and Community College

| Active Members | | Basic/MIP with Premium Subsidy | Pension Plus with Premium Subsidy | Pension Plus with PHF | Pension Plus to DC with PHF | Basic/MIP to DC with Premium Subsidy | Basic/MIP to DC with PHF | Basic/MIP with PHF |
|--|-----------------------|--------------------------------|-----------------------------------|-----------------------|-----------------------------|--------------------------------------|--------------------------|--------------------|
| DB CONTRIBUTIONS | | | | | | | | |
| PENSION CONTRIBUTIONS | | | | | | | | |
| Pension Normal Cost | | 4.39% | 3.17% | 3.17% | 0.00% | 0.00% | 0.00% | 4.39% |
| Pension UAAL | | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% |
| Pension Early Retirement Incentive | | 1.36% | 1.36% | 1.36% | 1.36% | 1.36% | 1.36% | 1.36% |
| Pension Total Rate | | 18.95% | 17.73% | 17.73% | 14.56% | 14.56% | 14.56% | 18.95% |
| HEALTH CONTRIBUTIONS | | | | | | | | |
| Health Normal Cost | | 0.43% | 0.43% | 0.00% | 0.00% | 0.43% | 0.00% | 0.00% |
| Health UAAL | | 6.40% | 6.40% | 6.40% | 6.40% | 6.40% | 6.40% | 6.40% |
| Health Total Rate | | 6.83% | 6.83% | 6.40% | 6.40% | 6.83% | 6.40% | 6.40% |
| DTL2 Records | DB Contribution Total | 25.78% | 24.56% | 24.13% | 20.96% | 21.39% | 20.96% | 25.35% |
| DC CONTRIBUTIONS | | | | | | | | |
| DC Employer Contributions | | 0.00% | 1.00%† | 1.00%† | 3.00%† | 4.00% | 4.00% | 0.00% |
| Personal Healthcare Fund | | 0.00% | 0.00% | 2.00%† | 2.00%† | 0.00% | 2.00%† | 2.00%† |
| DTL4 Records | DC Contribution Total | 0.00% | 1.00%† | 3.00%† | 5.00%† | 4.00% | 6.00%† | 2.00%† |
| † Rates shown are the maximum employer contribution rate. Employers contribute a 50% match of participants' contributions, up to the maximum rate. | | | | | | | | |

FY2015-16 Employer Contribution Rates: K12, ISD, Charter/PSA, District Library, and Community College

| Retirees | | Basic/MIP with Premium Subsidy* | Pension Plus with Premium Subsidy | Pension Plus with PHF | Pension Plus to DC with PHF | Basic/MIP to DC with Premium Subsidy | Basic/MIP to DC with PHF | Basic/MIP with PHF |
|------------------------------------|------------------------------|---------------------------------|-----------------------------------|-----------------------|-----------------------------|--------------------------------------|--------------------------|--------------------|
| DB CONTRIBUTIONS | | | | | | | | |
| PENSION CONTRIBUTIONS | | | | | | | | |
| Pension Normal Cost | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Pension UAAL | | 0.00% | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% |
| Pension Early Retirement Incentive | | 0.00% | 1.36% | 1.36% | 1.36% | 1.36% | 1.36% | 1.36% |
| Pension Total Rate | | 0.00% | 14.56% | 14.56% | 14.56% | 14.56% | 14.56% | 14.56% |
| HEALTH CONTRIBUTIONS | | | | | | | | |
| Health Normal Cost | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Health UAAL | | 0.00% | 6.40% | 6.40% | 6.40% | 6.40% | 6.40% | 6.40% |
| Health Total Rate | | 0.00% | 6.40% | 6.40% | 6.40% | 6.40% | 6.40% | 6.40% |
| DTL2 Records | DB Contribution Total | 0.00% | 20.96% | 20.96% | 20.96% | 20.96% | 20.96% | 20.96% |
| DC CONTRIBUTIONS** | | | | | | | | |
| DC Employer Contributions | | 0.00% | 1.00%+ | 1.00%+ | 3.00%+ | 4.00% | 4.00% | 0.00% |
| Personal Healthcare Fund | | 0.00% | 0.00% | 2.00%+ | 2.00%+ | 0.00% | 2.00%+ | 2.00%+ |
| DTL4 Records | DC Contribution Total | 0.00% | 1.00%+ | 3.00%+ | 5.00%+ | 4.00% | 6.00%+ | 2.00%+ |

* Effective July 1, 2014, UAAL of 20.96% is charged only for former qualified participants working in any position and hired either directly or indirectly.

**DC contributions are charged for *directly* hired qualified participants and former qualified participants only.

+ Rates shown are the maximum employer contribution rate. Employers contribute a 50% match of participants' contributions, up to this maximum rate.

Contribution Rates FY 2015-16

FY2015-16 Employer Contribution Rates: K12, ISD, Charter/PSA, District Library, and Community College

| Active Members | Basic/MIP with Premium Subsidy | Pension Plus with Premium Subsidy | Pension Plus with PHF | Pension Plus to DC with PHF | Basic/MIP to DC with Premium Subsidy | Basic/MIP to DC with PHF | Basic/MIP with PHF |
|-----------------------|--------------------------------|-----------------------------------|-----------------------|-----------------------------|--------------------------------------|--------------------------|--------------------|
|-----------------------|--------------------------------|-----------------------------------|-----------------------|-----------------------------|--------------------------------------|--------------------------|--------------------|

Employer Defined Benefit (DB) Contribution Rates with MPSERS UAAL Rate Stabilization Amount:

| | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| DB Rate Charged on Reported Payroll: ¹ | 25.78% | 24.56% | 24.13% | 20.96% | 21.39% | 20.96% | 25.35% |
| MPSERS UAAL Stabilization Rate: ² | 10.53% | 10.53% | 10.53% | 10.53% | 10.53% | 10.53% | 10.53% |
| Total Rate:³ | 36.31% | 35.09% | 34.66% | 31.49% | 31.92% | 31.49% | 35.88% |

1 - Rate charged through normal payroll reporting process.

2 - Rate charged through monthly MPSERS UAAL Rate Stabilization Amount invoice.

3 - Total combined rates. "Total Rate" is to be used for budgeting purposes only.

GASB 68 - Overview

- ◆ Standard issued by GASB in June 2012
- ◆ Net pension liability to be recorded in financial statements
- ◆ Changes the way pension expense is calculated
- ◆ In effect for reporting units FY ending June 30, 2015
- ◆ Pension only (OPEB expected in 2 years)
- ◆ GASB 68 on Employer Information website

GASB 68 – Components

- ◆ Proportionate Share
- ◆ Net Pension Liability
- ◆ Pension Expense
- ◆ Note Disclosures
- ◆ Required Supplemental Information (RSI)

GASB 68 – Timeline

- ◆ ORS rollout in phases
 - Phase 1: Fiscal Year 2012 data
 - February 28 letter
 - Phase 2: Fiscal Year 2013 data (estimated)
 - November 26 email and website
 - Phase 3: Fiscal Year 2014
 - Asset information from 2014 Plan Financial Reports
 - Liability information from 2013 Plan Valuation rolled forward
 - Required in Reporting Unit's Financial Statements in 2015

GASB 68

- ◆ Net Pension Liability
 - Market Value of Assets Minus the Actuarial Accrued Liability
 - Market Value of Assets
 - Actuarial Accrued Liability
- ◆ Multi-Employer Cost-Sharing Plan

GASB 68

- ◆ Sharing the Liability Among Reporting Units
 - Proportionate Share
- ◆ Retirement Contributions Consist of:
 - Normal Cost
 - Unfunded Actuarial Accrued Liability (UAAL)

GASB 68

FY2014-15 Employer Contribution Rates: K-12, ISD, Charter/PSA, District Library, and Community College

Active Members

| | Basic/MIP with Premium Subsidy | Pension Plus with Premium Subsidy | Pension Plus with PHF | Pension Plus to DC with PHF | Basic/MIP to DC with Premium Subsidy | Basic/MIP to DC with PHF | Basic/MIP with PHF | | |
|------------------------------------|--------------------------------|-----------------------------------|-----------------------|-----------------------------|--------------------------------------|--------------------------|--------------------|--------|--------|
| DB CONTRIBUTIONS | | | | | | | | | |
| PENSION CONTRIBUTIONS | | | | | | | | | |
| Pension Normal Cost | 4.31% | 3.23% | 3.23% | 0.00% | 0.00% | 0.00% | 4.31% | | |
| Pension UAAL | 17.40% | 17.40% | 17.40% | 17.40% | 17.40% | 17.40% | 17.40% | | |
| Pension Early Retirement Incentive | 1.36% | 1.36% | 1.36% | 1.36% | 1.36% | 1.36% | 1.36% | | |
| Pension Total Rate | 23.07% | 21.99% | 21.99% | 20.76% | 21.76% | 20.76% | 23.07% | | |
| HEALTH CONTRIBUTIONS | | | | | | | | | |
| Health Normal Cost | 0.51% | 0.51% | 0.00% | 0.00% | 0.51% | 0.00% | 0.00% | | |
| Health UAAL | 2.20% | 2.20% | 2.20% | 2.20% | 2.20% | 2.20% | 2.20% | | |
| Health Total Rate | 2.71% | 2.71% | 2.20% | 2.20% | 2.71% | 2.20% | 2.20% | | |
| DTL2 Records | DB Contribution Total | | 25.78% | 24.70% | 24.19% | 20.96% | 21.47% | 20.96% | 25.27% |
| DC CONTRIBUTIONS | | | | | | | | | |
| DC Employer Contributions | 0.00% | 1.00% | 1.00% | 3.00% | 4.00% | 4.00% | 0.00% | | |
| Personal Healthcare Fund | 0.00% | 0.00% | 2.00% | 2.00% | 0.00% | 2.00% | 2.00% | | |
| DTL4 Records | DC Contribution Total | | 0.00% | 1.00% | 3.00% | 5.00% | 4.00% | 6.00% | 2.00% |

Note Disclosures and RSI

- ◆ Two other types of information are required in employers' financial statements per GASB 68:
 - Notes to Financial Statements (note disclosures)
 - Required Supplemental Information (RSI)

Governmental Accounting Standards Board (GASB) Statement No. 68

In 2012 the [Governmental Accounting Standards Board \(GASB\)](#) published Statement No. 68, which changes the way a public retirement system like Michigan Public School Employees Retirement System (MPSERS) discloses its pension information.

MPSERS is a cost-sharing multiple-employer defined benefit pension plan. As such, it is required to follow the guidelines for such plans as explained in GASB Statement No. 68. All financial disclosures made by MPSERS are contained in its audited [Comprehensive Annual Financial Report \(CAFR\)](#) that is published annually. [GASB Statement No. 68, Accounting and Financial Reporting for Pensions](#), affects the financial statements of MPSERS reporting units (employers).

This website will provide information needed for MPSERS reporting units to comply with GASB Statement No. 68.

Overview

Overview of GASB 68 requirements and of ORS's plan to assist reporting units in meeting those requirements.

Notes to Financial Statements

Sample language, schedule templates and and guidance regarding the Notes to Financial statements that GASB will require to be disclosed in employers' Financial Statements.

Frequently Asked Questions and Glossary

Answers to questions ORS anticipates as a result of GASB 68, with a glossary of key terms.

Tables

GASB-required pension data by reporting unit. Used to complete templates found in Notes and Required Supplemental Information.

Required Supplemental Information

Sample language, schedule templates and and guidance regarding the Required Supplemental Information (RSI) that GASB will require to be disclosed in employers' Financial Statements.

GASB 68 Website - Tables

The screenshot shows the website header for the Office of Retirement Services, Department of Technology, Management and Budget. The main navigation menu on the left includes: Reporting Website, Reporting Instruction Manual, Data Exchange Gateway, Contribution Rates, New Reporting Units, and Reporting Forms. The breadcrumb trail is ORS PSRU > SCHEDULES. The main content area is titled "Tables" and lists two items:

- GASB 68 Pension Amounts by Reporting Unit [Table 1](#) [XLS](#)
- GASB 68 Pension Amounts by Reporting Unit [Table 2](#) [XLS](#)

Two callout boxes with arrows point to the table links:

- A blue callout box points to Table 1 with the text: "Net Pension Liability, Total Pension Expense, RSI"
- A green callout box points to Table 2 with the text: "Pension Expense Details (Note 3)"

GASB 68 Website – Table 1

Table 1: GASB 68 Pension Amounts by Reporting Unit

Plan Fiscal Year Ending September 30, 2013 (Estimates)

Reporting Unit Fiscal Year Ending June 30, 2014 (Estimates)

This table contains data for informational purposes, as an example of what will be provided for use in Financial Statements, Notes to Financial Statements, and Required Supplemental Information.

This estimate is informational only, not audited, and not intended to be recorded in any financial statements.

| | | Proportionate Share | | Net Pension Liability | | |
|-----------------------|---|--|-----------------------------|--|--|--|
| Column A | Column B | Column C | Column D | Column E | Column F | Column G |
| Reporting Unit Number | | Statutorily Required Pension Contributions | Proportionate Share Percent | Net Pension Liability (8.0% Discount Rate) | Net Pension Liability at 1% Lower Discount Rate (7.0%) | Net Pension Liability at Higher Discount Rate (9.0%) |
| 05880 | Detroit Public Schools | 42,811,874 | 3.855512% | 900,468,520 | 1,163,568,185 | 667,568,185 |
| 05900 | Alcona Community Schools | 468,243 | 0.04217% | 3,850,808 | 12,726,199 | 7,301,808 |
| 05930 | Autrain-Onota Public Schools | 55,985 | 0.00504% | 1,176,754 | 1,520,242 | 901,754 |
| 05950 | Burt Township School District | 46,983 | 0.00423% | 988,416 | 1,276,529 | 601,416 |
| 05980 | Munising Public Schools | 431,246 | 0.03884% | 3,072,467 | 11,720,666 | 6,720,467 |
| 05990 | Superior Central School District | 182,383 | 0.01642% | 3,836,589 | 4,956,918 | 2,843,589 |
| 06000 | Allegan Area Educational Service Agency | 1,201,213 | 0.10818% | 25,270,912 | 32,647,338 | 18,791,912 |
| 06370 | Glenn-Ganges School District #4 | 34,073 | 0.00307% | 726,814 | 926,048 | 531,814 |
| 07000 | Allegan Public Schools | 1,498,780 | 0.13498% | 31,581,085 | 40,794,791 | 23,371,085 |
| 07020 | Plainwell Community School | 1,565,581 | 0.14099% | 32,985,369 | 42,549,003 | 24,565,369 |
| 07030 | Hopkins Public School | 940,532 | 0.08470% | 19,786,743 | 25,562,373 | 14,000,532 |
| | ...ville Public School | ... | ... | ... | ... | ... |

GASB 68 Website – Table 2

Table 2: GASB 68 Pension Expense Amounts by Reporting Unit

Plan Fiscal Year Ending September 30, 2013 (Estimates)

Reporting Unit Fiscal Year Ending June 30, 2014 (Estimates)

This table contains data for informational purposes, as an example of what will be provided for use in Financial Statements, Notes to Financial Statements, and Required Supplemental Information.

This estimate is informational only, not audited, and not intended to be recorded in any financial statements.

| Column A | Column B | Column C | Deferred (Inflows) of Resources | | | | |
|-----------------------|---|-----------------------|--|------------------------|--|---|---------------------------------------|
| | | | Column D | Column E | Column F | Column G | Column H |
| Reporting Unit Number | Reporting Unit Name | NET PENSION LIABILITY | Differences Between Expected and Actual Experience | Changes of Assumptions | Net Difference Between Projected and Actual Plan Investment Earnings | Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions | Total Deferred (Inflows) of Resources |
| 05880 | Detroit Public Schools | 893,668,520 | (37,822,700) | - | (82,890,460) | - | (79,813,160) |
| 05900 | Alcona Community Schools | 9,850,808 | (280,447) | - | (676,820) | - | (957,317) |
| 05930 | Autrain-Onota Public Schools | 1,176,754 | (22,790) | - | (80,862) | - | (103,652) |
| 05950 | Burt Township School District | 688,426 | (28,208) | - | (67,800) | - | (96,008) |
| 05980 | Munising Public Schools | 9,072,467 | (175,398) | - | (623,420) | - | (798,818) |
| 05990 | Superior Central School District | 1,836,939 | (74,280) | - | (263,640) | - | (337,920) |
| 06000 | Allegan Area Educational Service Agency | 25,270,912 | (488,540) | - | (1,794,528) | - | (2,283,068) |
| 06370 | Glenn-Ganges School District #4 | 726,824 | (13,858) | - | (48,257) | - | (62,115) |
| 07000 | Allegan Public Schools | 31,551,065 | (608,590) | - | (2,346,690) | - | (3,055,280) |
| 07020 | Plainwell Community School | 32,835,308 | (636,740) | - | (2,368,380) | - | (3,005,120) |
| | Plainwell School | | (102,500) | - | | - | (11,760) |

GASB 68 Website – Table 2

| Deferred Outflows of Resources | | | | | Pension Expense | | |
|--|--|------------------------|---|--------------------------------------|-----------------|---|-----------------------|
| Column I | Column J | Column K | Column L | Column M | Column N | Column O | Column P |
| Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Plan Investment Earnings | Changes of Assumptions | Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions | Total Deferred Outflows of Resources | Pension Expense | Net Amortization of Deferred Amounts from Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions | TOTAL PENSION EXPENSE |
| - | - | - | - | - | 61,586,696 | - | 61,586,696 |
| - | - | - | - | - | 674,890 | - | 674,890 |
| - | - | - | - | - | 80,513 | - | 80,513 |
| - | - | - | - | - | 66,888 | - | 66,888 |
| - | - | - | - | - | 618,525 | - | 618,525 |
| - | - | - | - | - | 282,182 | - | 282,182 |
| - | - | - | - | - | 1,721,266 | - | 1,721,266 |
| - | - | - | - | - | 48,113 | - | 48,113 |
| - | - | - | - | - | 2,153,641 | - | 2,153,641 |
| - | - | - | - | - | 2,249,662 | - | 2,249,662 |
| - | - | - | - | - | 1,948,774 | - | 1,948,774 |

GASB 68 Website - Notes



Department of Technology, Management and Budget
Office of Retirement Services
Public School Reporting Units

Reporting Website

ORS PSRU > NOTES TO FINANCIAL STATEMENTS

Reporting Instruction Manual

Data Exchange Gateway

Contribution Rates

New Reporting Units

Reporting Forms

Education & Training

Employee Resources

2014-2015 Enhancements

Employer Communications

Notes to Financial Statements

GASB 68 requires the notes of financial statements for employers (reporting units) to include the following information. Below is sample information based on ORS's fiscal year 2013 estimates. It does not need to be included in any financial statements, but is presented as an example of what ORS will provide in 2015, based on plan fiscal year 2014, for use in employers' financial statements for their fiscal year ending June 30, 2015. At that time, ORS will use this website to provide information that can be used in the note disclosure section of each reporting unit's comprehensive annual financial report (CAFR).

Note 1: Summary of Significant Accounting Policies

Note 2: General Information about the Plan

- *2a. Plan Description*
- *2b. Benefits Provided*
- *2c. Contributions*

Note 1: Summary of Significant Accounting Policies

Note 2: General Information about the Plan

- *2a. Plan Description*
- *2b. Benefits Provided*
- *2c. Contributions*

Note 3: Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Note 4: Actuarial assumptions

- *4a. Valuation Assumptions*
- *4b. Valuation Methods*
- *4c. Mortality Assumptions*
- *4d. Long-term Expected Rate of Return on Investments*
- *4e. Changes of Assumptions*

Note 5: Discount rate

Note 6: Sensitivity of the net pension liability to changes in the discount rate

Note 7: Pension Plan Fiduciary Net Position

Note 8: Payables to the Pension Plan

GASB 68 Website – Notes

Note 1: Summary of Significant Accounting Policies

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 Michigan Public Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

GASB 68 Website – Notes

Note 2: General Information about the Plan

2a. Plan Description

The Michigan Public School Employees' Retirement System (MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at <http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html>.

2b. Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

GASB 68 Website - Notes

Note 3: Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

3a. Pension Liabilities

At June 30, 2014, the Reporting Unit reported a liability of **[\$Table 1 Column E]** for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2013, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Reporting Unit's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2013, the Reporting Unit's proportion was [Table 1 Column D] percent.

3b. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2014, the Reporting Unit recognized pension expense of **[\$Table 2 Column P]**. At June 30, 2014, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GASB 68 Website - Notes

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ [Table 2 Column D] |
| Changes of assumptions | - | [Table 2 Column E] |
| Net difference between projected and actual earnings on pension plan investments | - | [Table 2 Column F] |
| Changes in proportion and differences between Reporting Unit contributions and proportionate share of contributions | ORS to provide | ORS to provide |
| Reporting Unit contributions subsequent to the measurement date | Reporting Unit to provide | Reporting Unit to provide |
| Total | \$ | \$ |

GASB 68 Website - Notes

Note 3, continued

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

| | |
|---------------|----|
| 2014 (Year 0) | \$ |
| 2015 (Year 1) | |
| 2016 (Year 2) | |
| 2017 (Year 3) | |
| 2018 (Year 4) | |
| Thereafter | |

Amount

[Table 1 Column J]

[Table 1 Column K]

[Table 1 Column L]

[Table 1 Column M]

[Table 1 Column N]

[Table 1 Column O]

GASB 68 Website - Notes

Note 4: Actuarial assumptions

4a. Valuation Assumptions

The rate of investment return was 8.0% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus plan).

The assumed real return is the rate of return in excess of wage inflation. Considering other assumptions used in the valuation, the 8.0% nominal rate translates to a net real return of 4.5% a year for the Non-Hybrid groups. Considering other assumptions used in the valuation, the 7.0% nominal rate translates to a net real return of 3.5% a year for the Hybrid group.

The rate of pay increase used for individual members is 3.5%. This assumption is used to project a member's current pay to the pay upon which System benefits will be based. The current assumption was first used for the September 30, 2004 valuation of the System.

Actuarial Cost Method – Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an Individual Entry-Age Actuarial Cost Method having the following characteristics:

- the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Actuarial gains (losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

GASB 68 Website - Notes

Note 5: Discount rate

The discount rate used to measure the total pension liability was 8 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.

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

- The expected rate of return on pension plan investments is 8.00%.
- The municipal bond rate is 3.480% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve).
- The resulting single discount rate is 8.00%.
- The Plan Fiduciary Net Position is projected to be sufficient to make Projected Benefit Payments until 2114.

GASB 68 Website - Notes

Note 6: Sensitivity of the net pension liability to changes in the discount rate

The following presents the Reporting Unit's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

| | 1% Lower (7.0%) | Discount Rate (8.0%) | 1% Higher (9.0%) |
|---|----------------------------|---------------------------------|-----------------------------|
| Reporting Unit's proportionate share of the net pension liability | [\$ Table 1 Column F] | [\$ Table 1 Column E] | [\$ Table 1 Column G] |

GASB 68 Website - Notes

Note 7: Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2013 Comprehensive Annual Financial Report, available here: <http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html>.

GASB 68 Website - Notes

Note 8: Payables to the Pension Plan

[If the Reporting Unit reported payables to the defined benefit pension plan, it should disclose information required by paragraph 122 of GASB Statement 68, which reads: "The amount of payables to a defined benefit pension plan outstanding at the end of the reporting period, significant terms related to the payables, and a description of what gave rise to the payable (for example, legally required contributions to the pension plan, a contractual arrangement for contributions to a cost-sharing pension plan related to past service cost upon entrance into the arrangement, or a contractual arrangement for contributions to the pension plan related to a change of benefit terms enacted by an individual cost-sharing employer) should be included in notes to financial statements."]

GASB 68 Website - RSI

- ◆ Two schedules are required, showing 10 years of historical data
 - Schedule of Reporting Unit's Proportionate Share of Net Pension Liability
 - Schedule of Reporting Unit's Contributions

RSI:

Schedule of Reporting Unit's Proportionate Share of Net Pension Liability

- ◆ 10-year rolling presentation
- ◆ Each year, ORS will provide data for one more year; reporting unit will maintain past years' data to build table over time.
- ◆ Includes several ratios required by GASB 68

RSI:

Schedule of Reporting Unit's Proportionate Share of Net Pension Liability

Required Supplemental Information

Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|------|------|------|------|------|------|------|------|------|--------------------|
| A. Reporting unit's proportion of net pension liability (%) | | | | | | | | | | Table 1 Col D % |
| B. Reporting unit's proportionate share of net pension liability | | | | | | | | | | \$Table 1 Col E |
| C. Reporting unit's covered-employee payroll | | | | | | | | | | \$Table 1 Col H |
| D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll | | | | | | | | | | Table 1 Col I % |
| E. Plan fiduciary net position as a percentage of total pension liability | | | | | | | | | | 62.68% |

RSI:

Schedule of Reporting Unit's Contributions

- ◆ Reporting units will provide all data for this schedule
- ◆ Comparison of statutorily required contributions and actual contributions
- ◆ 10-year rolling presentation
- ◆ Reporting unit will maintain past years' data to build table over time.

RSI:

Schedule of Reporting Unit's Contributions

Schedule of Reporting Unit's Contributions

Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

| | <u>2022</u> | <u>2021</u> | | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|--|-------------|-------------|-------------|
| A. Statutorily required contributions | | | | | | |
| B. Contributions in relation to statutorily required contributions* | | | | | | |
| C. Contribution deficiency (excess) | | | | | | \$ |
| D. Reporting unit's covered- employee payroll | | | | | | \$ |
| E. Contributions as a percentage of covered-employee payroll | | | | | | % |

Looking Ahead

- ◆ Phase Three will use Plan Fiscal Year 2014 and 2013 Valuation data rolled forward
- ◆ Employers must report in their 2015 Financial Statements
- ◆ ORS will provide audited data, supported by an attestation statement
- ◆ Employers will provide data about their contributions.

Questions?

ORS Contact Information

- ◆ Employer Reporting
 - Website: www.michigan.gov/psru
 - Email: ORS_Web_Reporting@michigan.gov
 - Call Center: 517-636-0166
- ◆ Kevin Kubacki
 - 517-322-6994 or KubackiK@michigan.gov
- ◆ Angie Schrauben
 - 517-322-6547 or SchraubenA@michigan.gov

ORS Contact Information

- ◆ Member Website
 - www.michigan.gov/orsschools
- ◆ Member Customer Service
 - 800-381-5111
- ◆ Member Self Service
 - www.michigan.gov/orsmiaccount