

CALSTRS

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Pension Accounting Changes



C A L I F O R N I A S T A T E T E A C H E R S ' R E T I R E M E N T S Y S T E M

Agenda – Part I

- **CalSTRS presentation**
 - **GASBs 67/68 Overview**
 - New GASB Standards
 - Key Accounting Changes
 - Overview of New Standards
 - Impact of Key Changes
 - STRP Net Pension Liability of Employers and the State
 - Timeline
 - AICPA Proposed Recommendations
 - Pension Information
 - Schedule of Proportionate Share
 - Schedule of Aggregate Pension Amounts
 - **Employer Tools**
 - **Questions**

Agenda – Part II

- **Part II – Crowe Horwath LLP presentation**
 - Today's Presenter from Crowe
 - Background on Employer Audits
 - How was my District selected
 - Working with Crowe and CalSTRS
 - What information will my District be asked to provide
 - CiRT® (Crowe information Request Tracker)
 - CiRT® Requests
 - Questions

New GASB Standards

- GASB is the independent, not-for-profit organization formed in 1984 that establishes financial accounting and reporting standards for state and local governments.
- Effective for **Employers FY 2014-15**
 - Statement 68, Accounting and Reporting for Pensions

Key Accounting Changes

- GASB Statement 68 requires plan employers, to report a proportionate share of their pension plan's Net Pension Liability (NPL) on their financial statements by fiscal year 2014-15.
 - *To the extent which a plan does not have projected assets to pay projected benefits, GASB requires employers and non-employer contributing entities to report a proportionate share of the unfunded portion of pension benefits to date.*
- Previously this type of reporting was not a requirement.
- Divorces pension system funding and financial reporting.

Overview of New Standards

- Recasts **pension expense** to reflect changes in the NPL from year to year.
- Requires a closed 5-year period to amortize differences between actual and projected investment earnings.
- Adds more extensive **note disclosures**.

Impact of Key Changes

- Creates confusion between how governments fund pensions versus how they report them in financial statements.
- Addition of the NPL on financial statements could negatively affect a plan employer's ability to issue debt.

STRP Net Pension Liability of Employers and the State (formerly Funded Status)

(dollars in millions)

Total pension liability	\$ 248,911
Less: STRP fiduciary net position	(190,474)
NPL of employers and the state	<u>\$ 58,437</u>

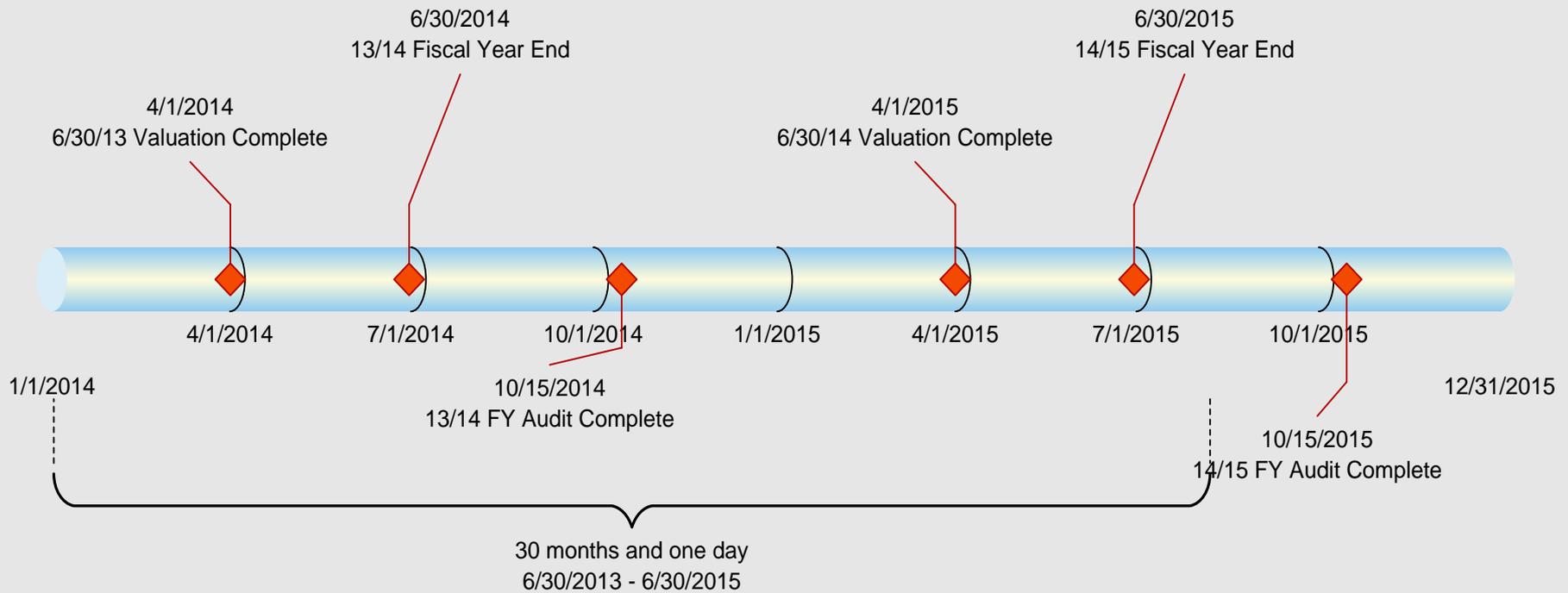
STRP fiduciary net position as a percentage of the total pension liability

77%

STRP Net Pension Liability of Employers and the State (formerly Funded Status) – continued...

- NPL rolled forward using 6-30-13 valuation.
- Methods/assumptions similar to DB funding valuation for entire STRP per Board resolution 14-16.
- 7.6% assumed investment rate of return (gross of admin expenses) instead of 7.5% (net of admin expenses).

Timeline



AICPA Proposed Recommendations - CalSTRS

- Include supplemental “schedule of employer allocations” in CalSTRS’ financial statements for which CalSTRS’ auditor is engaged to provide opinion.
 - Use allocation method based on covered payroll or required (actual) contributions depending on whether there are different classes of benefits and whether allocations expected to be representative of future contributions.
 - Projected future contributions could be used if necessary.

AICPA Proposed Recommendations - CalSTRS

- Two White Papers—Feb 2014

- SLGEP Pension Whitepaper on Employer and Related Auditor Issues: Cost-Sharing plans.
- SLGEP Pension Whitepaper on Census Data Related to Cost-Sharing plans.
 - Available at:
 - <http://www.aicpa.org/interestareas/governmentalauditquality/resources/gasbmatters/pages/default.aspx>

- Three Audit Interpretations—April 2014

- Interpretation No. 2, “Auditor of Participating Employer in a Governmental Cost-Sharing Multiple-Employer Pension Plan,” of AU-C section 500, *Audit Evidence*.
- Interpretation No. 1, “Auditor of Participating Employer in a Governmental Pension Plan,” of AU-C section 600, *Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)*.
- Interpretation No. 1, “Auditor of Governmental Cost-Sharing Multiple-Employer Pension Plan,” of AU-C section 805, *Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement*.

Other Pension Information – STRP

- Schedule of Proportionate Share of Contributions (Schedule IX).
- Schedule of Aggregate Pension Amounts (Schedule X).
- Notes to Schedules IX and X.
- Unmodified Audit Opinion.



Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Proportionate Share of Contributions
for Employers and Nonemployer Contributing Entity
for the Year Ended June 30, 2014

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
62555	Los Angeles Community College District	\$ 1,462,452	0.040%
62555	Los Angeles Community College District	\$ 1,462,452	
63098	City College of San Francisco	492,192	0.013%
63098	City College of San Francisco	\$ 492,192	
Total CalSTRS-calculated employer contributions		\$ 2,291,104,886	62.350%
State contributions (nonemployer contributing entity) ¹		1,383,468,047	37.650%
Total employer and state contributions included in the proportionate share calculation		\$ 3,674,572,933	100.000%
Plus: Contributions for separately financed liabilities of individual employers ²		14,456,510	
Less: Employer contributions redirected to fund MPPP		(33,394,757)	
Total employer and state contributions in the Statement of Changes in Fiduciary Net Position		\$ 3,655,634,686	

1) CalSTRS recognizes state contributions for the entire fiscal year at the beginning of each fiscal year per CalSTRS revenue recognition policy.

2) Contributions excluded from proportionate share calculation per CalSTRS policy. These include employer contributions for retirement incentives, additional service credit, and unused sick leave.

Total Net Pension Liability	\$	58,437
Increase (decrease) in Net Pension Liability	\$	(13,001)
Less: Items subject to amortization ¹		
Differences between expected and actual experience		-
Changes of assumptions		-
Differences between projected and actual earnings on plan investments		(17,987)
Change in NPL recognized immediately in pension expense	\$	4,986
Plus: Current year amortization of deferred outflows of resources ¹		
Differences between expected and actual experience ²		-
Changes of assumptions ²		-
Differences between projected and actual earnings on plan investments ³		-
	\$	-
Less: Current year amortization of deferred inflows of resources ¹		
Differences between expected and actual experience ²		-
Changes of assumptions ²		-
Differences between projected and actual earnings on plan investments ³		3,597
	\$	3,597
Total pension expense	\$	1,389

Deferred outflows of resources:

Differences between expected and actual experience	-
Changes of assumptions	-
Differences between projected and actual earnings on plan investments ³	-
Total deferred outflows of resources	\$ -

Deferred inflows of resources:

Differences between expected and actual experience	-
Changes of assumptions	-
Differences between projected and actual earnings on plan investments ³	14,390
Total deferred inflows of resources	\$ 14,390

1) This schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date.

2) These items are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2014

3) Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Questions?

Employer Tools

We made enhancements to the Contribution Account Portal available via the Secure Employer Website.

- Added a new “Financial Reporting” tab with one new report called “Reconciliation of Employer Contributions.”
- Added a job aid.
- Additional reports to follow.
- Enhancements to reports to follow.

Employer Tools-Access to New Schedules

- To gain access to the Secure Employer Website (SEW) you need to contact your SEW administrator.
- Usually that person resides at the County Office of Education.
- They will provide you a link that will start the registration process.

Employer Tools-Access to New Schedules

The screenshot shows the CALSTRS website interface. At the top left is the CALSTRS logo. To its right is a link: "TAKE A VIDEO TOUR OF CALSTRS.COM »". On the far right of the top bar is a dropdown menu with the text "I would like to ...". Below this is a navigation menu with items: "Members", "Employers", "Investments", "Corporate Governance", "Newsroom", "Plan Funding", and "About Us". To the right of the navigation menu is a search bar with the text "Search" and a magnifying glass icon. The main content area has a dark background and is divided into several columns. The first column on the left has a red circle around the link "CalSTRS Secure Employer Website". The second column is titled "Employer Information Circulars" and lists years from 2014 down to "Archive". The third column is titled "Employer and Administrative Directives" and lists years from 2014 down to "Archive". The fourth column has a red circle around the link "GASB Accounting Changes". To the right of these columns is a section titled "403bComply" with a sub-link "Charter Schools", and another section titled "myCalSTRS Digital Badge". On the far right of the main content area is a grey box titled "Employer Login" with the text "Access the CalSTRS Secure Employer Website" and a "READ MORE »" link. At the bottom of the page is a red bar with "QUICK LINKS" on the left. It contains icons and text for "myCalSTRS", "Calculators", "Forms", "Publications", "Planning", "Contact Us", and "What's New". To the right of these links is a white box with the text "Member Service Center to Open in Orange County This Summer". Below the red bar is a white footer containing copyright information: "© 2014 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM", the phone number "800-228-5453", and links for "FAQS", "SITE MAP", "PRIVACY", "ACCESSIBILITY", and "CONTACT US". On the far right of the footer are social media icons for Facebook, Twitter, YouTube, LinkedIn, and Pinterest.

Employer Tools-Access to New Schedules

The screenshot shows the CALSTRS website interface. At the top left is the CALSTRS logo. To its right is a link: "TAKE A VIDEO TOUR OF CALSTRS.COM >". Further right is a dropdown menu with the text "I would like to ...". Below this is a navigation bar with links: "Members", "Employers", "Investments", "Corporate Governance", "Newsroom", "Plan Funding", and "About Us". A search box is located on the right side of this bar. Below the navigation bar is a red banner with "QUICK LINKS" on the left and a "CEO Blog: Recent Developments Suggest a Funding Plan is Within Reach" on the right. The quick links include: "myCalSTRS", "Calculators", "Forms", "Publications", "Planning", "Contact Us", and "What's New". Below the banner is a breadcrumb trail: "HOME > EMPLOYERS > CALSTRS SECURE EMPLOYER WEBSITE". The main content area is titled "EMPLOYERS" and contains a list of links. The link "CalSTRS Secure Employer Website" is circled in red. Below it is the text "Access the Secure Employer Website." and "EMPLOYER LOGIN". Other links in the list include "Employer Information Circulars", "Employer and Administrative Directives", "403bComply", "Charter Schools", "myCalSTRS Digital Badge", and "GASB Accounting Changes". At the bottom of the page is a footer with copyright information: "© 2014 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM", a phone number "800-228-5453", and links for "FAQS", "SITE MAP", "PRIVACY", "ACCESSIBILITY", and "CONTACT US". Social media icons for Facebook, Twitter, YouTube, LinkedIn, and Pinterest are also present.

CALSTRS TAKE A VIDEO TOUR OF CALSTRS.COM > I would like to ...

Members Employers Investments Corporate Governance Newsroom Plan Funding About Us Search

QUICK LINKS myCalSTRS Calculators Forms Publications Planning Contact Us What's New CEO Blog: Recent Developments Suggest a Funding Plan is Within Reach

HOME > EMPLOYERS > CALSTRS SECURE EMPLOYER WEBSITE

EMPLOYERS

CalSTRS Secure Employer Website
Access the Secure Employer Website.
EMPLOYER LOGIN

Employer Information Circulars
Employer and Administrative Directives
403bComply
Charter Schools
myCalSTRS Digital Badge
GASB Accounting Changes

© 2014 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM 800-228-5453 FAQS SITE MAP PRIVACY ACCESSIBILITY CONTACT US

Employer Tools-Access to New Schedules

CALSTRS Secure Employer Web Site

My Account: CCountyAdmin01 (01) Help | Logout

Home

Manage Files

Manage Reports

Maintain Users

Authorize Users

REAP

Employer Notification (0)

Contribution Account Portal

Remittance Advice

Secure Message Center

Reference Items

Forms & Publications

My Links

Welcome, CalSTRS CountyAdmin01

Congratulations! You have successfully logged onto the CalSTRS Secure Employer Web Site. This Web site is provided for employers and CalSTRS to communicate member account information securely. Many features are provided to assist in protecting and ensuring the confidential data of our members.

For information on the latest updates and features be sure to check the Announcements below and for more information, the Release Notes under Web site Information.

Announcements

New Compensation Reporting Requirements Employer Directive 2014-04

Employer Directive 2014-04 ([ED14-04](#)) regarding the compensation reporting requirements for creditable compensation that exceeds the annual creditable compensation cap is available under reference items and is also available on [CalSTRS.com](#).

Updated F496 SEW File Specification

The [F496 SEW File Specification](#) has been updated and is available under Reference

Web Site Information

- [Employer Administrator List](#)
- [File Enforcement](#)
- [Release Notes](#)

Quick Reference Items

- [User Manuals and Training](#)
- [Frequently Asked Questions](#)
- [File Specifications](#)
- [File Submission and Remittance Schedules](#)

Application Downloads

- [Employer Application Suite \(Version 2.06\)](#)

Employer Tools-Access to New Schedules

The screenshot displays the CALSTRS Contribution Account Portal interface. At the top, the CALSTRS logo and 'Contribution Account Portal' are visible. Below this, a navigation bar contains several menu items: 'Welcome CalSTRS CountyAdmin01', 'Penalty Assessment & Dispute Mgmt', and 'Financial Reporting'. The 'Penalty Assessment & Dispute Mgmt' menu item is circled in red. Below the navigation bar, there is a section for 'Penalty Assessment & Dispute Mgmt' with a 'Portal Favorites' section and a message: 'There are no items to display'. The main content area is titled 'Selection for Penalty Assessment & Dispute Mgmt' and contains a 'Selection' section with various input fields and checkboxes. Below this is a 'Further Selection by Case Number and Status' section with additional input fields.

CALSTRS Contribution Account Portal

Welcome CalSTRS CountyAdmin01

Penalty Assessment & Dispute Mgmt Financial Reporting

Penalty Assessment & Dispute Mgmt

Penalty Assessment & Dispute Mgmt

Portal Favorites

There are no items to display

Selection for Penalty Assessment & Dispute Mgmt

Selection

*Report Source: 00001

Media ID (Required) [dropdown] :

*Report Unit: 01001 [copy] To: 01117 [copy]

Penalty Type: [copy] To: [copy]

Member SSN: 000000000 [copy]

Upload Penalty Lines:

Penalty Line ID: 0000000000 [copy] To: 0000000000 [copy]

Dispute Indicator: [copy]

Draft ID: [copy] To: [copy]

Contribution Code: [copy] To: [copy]

Assignment Code: [copy] To: [copy]

Adjustment Indicator: [input]

Further Selection by Case Number and Status

Case ID: [copy] To: [copy]

Case Status: 00 [copy] To: 00 [copy]

Employer Tools - Reconciliation Schedule

The screenshot shows a web application interface for 'Reconciliation of Employer Contributions'. The main window title is 'Reconciliation of Employer Contributions' and the report source user is 'RS0000100407'. The fiscal period is set to 'From To'. A 'Prompts' dialog box is open, showing a 'Reporting Fiscal year/period' prompt with a 'Start Value' and 'End Value' field. The dialog also contains a message: 'To see the content of the list, please click Refresh Values.' and a search pattern input field.

Document Summary

- Type: Web Intelligence document
- Author: BKumari
- Creation date: April 23, 2014 11:37:37 AM
- Locale: English (United States)
- Description: BOBJ147-Reconciliation of Contributions
- Keywords:

Statistics

- Last Refresh Date: April 23, 2014 11:35:28 AM
- Last Modified: April 23, 2014 11:37:37 AM
- Last modified by: BKumari
- Duration of previous refresh: 2 s

Document Options

- Enhanced viewing: Off
- Refresh on open: On
- Permanent regional formatting: Off
- Use query drill: Off
- Enable query

Prompts

- Reporting Fiscal year/period ...

Reporting Fiscal year/period

Start Value:

End Value:

To see the content of the list, please click Refresh Values.

Enter search pattern:

OK Cancel

Reconciliation of Employer Contributions GASB 67 Allocation Calculation

Data tracking status Page 1 of 1 100%

Employer Tools-Job Aid for New Schedules

Penalty Assessment & Dispute Mgmt - SAP NetWeaver Portal - Windows Internet Explorer

https://mypni.calstrs.com/ijj/portal?SAMLart=AAGxfMtAEDJPS%2B6MccoNoSDIAAAAAAB9TtoMDEgHhLptWLzBwctQAAA

Penalty Assessment & Dispute Mgmt - SAP Net...

RS Contribution Account Portal

STRS CountyAdmin01

Help Log

Penalty Assessment & Dispute Mgmt

Financial Reporting

Penalty Assessment & Dispute Mgmt

Penalty Assessment & Dispute Mgmt

History

Selection for Penalty Assessment & Dispute Mgmt

Selection

*Report Source: 00001

Media ID (Required)

*Report Unit: 01001 To: 01117

Penalty Type: To:

Member SSN: 000000000

Upload Penalty Lines:

Penalty Line ID: 0000000000 To: 0000000000

Dispute Indicator:

Draft ID: To:

Contribution Code: To:

Assignment Code: To:

Adjustment Indicator:

Further Selection by Case Number and Status

Case ID: To:

Case Status: 00 To: 00

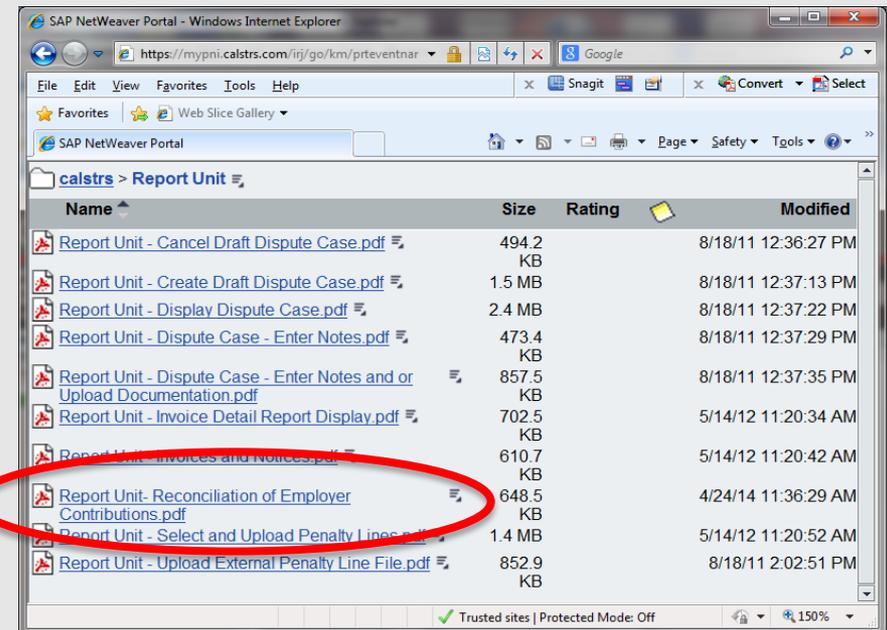
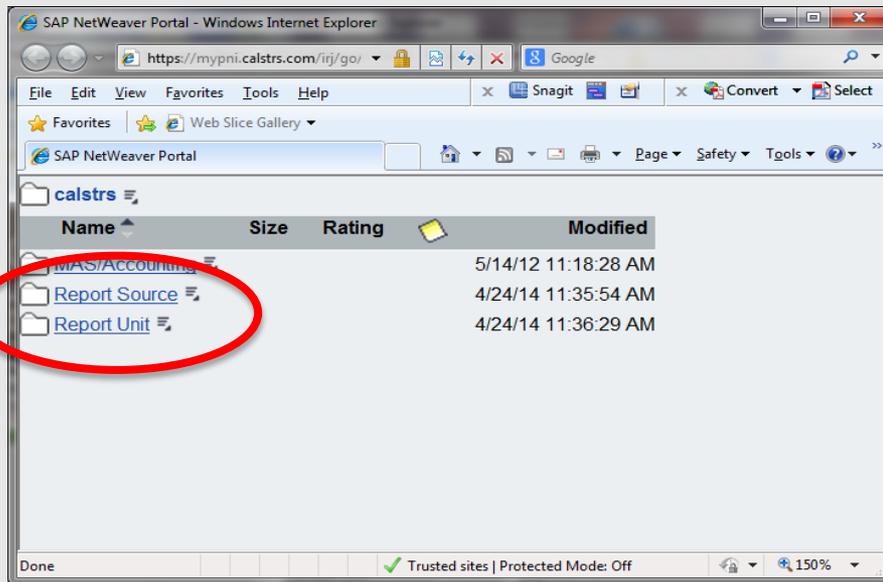
Continue to PADM Generate PDFDR

Summarize P1 & P4

* These fields can be used to filter the invoice detail report(IDR).

Trusted sites | Protected Mode: Off

Employer Tools-Job Aid for New Schedules



Employer Tools-Job Aid for New Schedules

Reconciliation of Employer Contributions

Menu Path Contribution Account Portal → Financial Reporting → Reconciliation of Employer Contributions

What is the Reconciliation of Employer Contributions report? This report provides a reconciliation from contributions due to CalSTRS (as calculated by CalSTRS' pension administration system) to employer contributions shown in the Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity (Schedule of Proportionate Share). The Schedule of Proportionate Share is an additional schedule CalSTRS will provide beginning with the June 30, 2014, financial statements.

Why should this be done? Run this report to see the details for employer contributions reported in the Schedule of Proportionate Share for Employers and Nonemployer Contributing Entity or to analyze contributions for your entity throughout the year.

When or how often is this done? This report can be run for any month starting July 2013, provided that CalSTRS has closed the report month in its accounting system.

What contributions are included in This report includes all employer contributions calculated by CalSTRS

Employer Tools-Reconciliation Schedule

Document Summary

Print Edit

Reconciliation of Employer Contributions

General

Type: Web Intelligence document
 Author: BKummari
 Creation date: April 23, 2014 11:37:37 AM GMT-07:00
 Locale: English (United States)
 Description: BOBJ147-Reconciliation of Employer Contributions
 Keywords:

Statistics

Last Refresh Date: April 28, 2014 2:51:34 PM GMT-07:00
 Last Modified: April 23, 2014 11:37:37 AM GMT-07:00
 Last modified by: BKummari
 Duration of previous refresh: 3m4s

Document Options

Enhanced viewing: Off
 Refresh on open: On
 Permanent regional formatting: Off
 Use query drill: Off
 Enable query

CALSTRS
 HOW WILL YOU SPEND YOUR FUTURE?

Reconciliation of Employer Contributions
 Report Source User: RS0000100407
 Fiscal Period: From Jul 2013 To Mar 2014

Employer Contributions	
Media ID RSTM0000012900 (# file)	(7,690,080.00)
Media ID RSTM0000012972 (# file)	(2,779.87)
Media ID RSTM0000012973 (# file)	(5,975.28)
Media ID RSTM0000013040 (# file)	(2,391,627.33)
Media ID RSTM0000013131 (# file)	(3,008,998.88)
Media ID RSTM0000013237 (# file)	(8,232,131.40)
Media ID RSTM0000013364 (# file)	(8,415,035.58)
Media ID RSTM0000013445 (# file)	(8,383,147.02)
Media ID RSTM0000013542 (# file)	(8,367,434.51)
Media ID RSTM0000013631 (# file)	(8,272,013.56)
Media ID RSTM0000013743 (# file)	(8,463,114.19)
Media ID STM0000012900 (# file)	7,690,080.00
Media ID STM0000012972 (# file)	2,779.87
Media ID STM0000012973 (# file)	5,975.28
Media ID STM0000013040 (# file)	2,391,627.33

Reconciliation of Employer Contributions GASB 67 Allocation Calculation

Data tracking status Page 1 of 1 100% < 1 minute ago

Employer Tools-Reconciliation Schedule

Web Intelligence
Track Drill Filter Bar Outline
Reading Design Data

Document Summary

Print Edit

Reconciliation of Employer Contributions

General

Type: Web Intelligence document

Author: BKummari

Creation date: April 23, 2014 11:37:37 AM GMT-07:00

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Last Modified: April 23, 2014 11:37:37 AM GMT-07:00

Last modified by: BKummari

Duration of previous refresh: 3m4s

Document Options

Enhanced viewing: Off

Refresh on open: On

Permanent regional formatting: Off

Use query drill: Off

Flash query

Media ID RSTM0000013542 (January 2013 file)	6,367,434.51
Media ID RSTM0000013631 (February 2013 file)	8,272,013.56
Media ID RSTM0000013743 (March 2013 file)	8,463,114.19
Total Employer Contributions	63,232,337.62

Accruals and Reversals:	
Reversal of prior year accrual	6,764,719.46
Current year accrual	230,889,420.75
Total Accruals and Reversals	237,654,140.21

Employer contributions for proportionate share calculation	300,886,477.83
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Report Refresh Date: 04/28/2014 02:51:52
System : BPO
ZQ_2FIN_I12E_Q0001

Data Refresh Date :
CalSTRS Proprietary and Confidential Information
Current User: EP0~100/RS000010040

Page 1 of

Reconciliati...on Calculation
Data tracking status
Page 1 of 1
100%
< 1 minute ago.

Questions?

CalSTRS External Auditor



Today's Presenter

- Brenda Torres, Partner
Crowe Horwath LLP



Introduction to Crowe Horwath LLP

- 8th largest public accounting firm in the United States
- Over 70 years in business
- 28 offices nationally, including 4 offices in California
- External auditor for CalSTRS
- California Education Experience:
 - Currently audit approximately 100 K-12 School Districts, Community Colleges, Charter Schools and County Offices of Education

Background on Employer Audits

Background

- Why is this so important?



- Effective Dates:
 - GASB 67 – **Pension Plan Accounting** – Effective for fiscal years beginning after 6/15/13
 - Was effective for Fiscal Year Ended 6/30/2014.
 - GASB 68 – **Employer Accounting** – Effective for fiscal years beginning after 6/15/14
 - This means Fiscal Year Ending 6/30/2015.

Employer Audits?

- Employer audit testing serves a dual purpose:
 - Testing the completeness and accuracy of active member census data used by CalSTRS' actuary for actuarial valuations, including the calculation of the Total Pension Liability (TPL) for the State Teachers' Retirement Plan
 - Testing covered payroll to gain assurance on state and employer contributions to opine on the Schedule of Proportionate Share under AU-C 805

Employer Audits?

Total Pension Liability (TPL) for the State Teachers' Retirement Plan

3. Net Pension Liability of Employers and Nonemployer Contributing Entity

The components of the net pension liability of the STRP for participating employers and the State of California (nonemployer contributing entity) as of June 30, 2014, are as follows (dollars in millions):

Total pension liability	\$ 248,911
Less: STRP fiduciary net position	<u>(190,474)</u>
Net pension liability of employers and the state	<u><u>\$ 58,437</u></u>

Employer Audits?

Schedule of Proportionate Share under AU-C 805

**California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Proportionate Share of Contributions
for Employers and Nonemployer Contributing Entity
for the Year Ended June 30, 2014**

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
01001	Alameda County Office of Education	\$ 684,786	0.019%
01010	Alameda City Unified School District	3,407,814	0.093%
01012	Albany City Unified School District	1,446,213	0.039%
01014	Berkeley Unified School District	4,521,478	0.123%
01016	Castro Valley Unified School District	3,246,512	0.088%
01017	Dublin Unified School District	3,052,531	0.083%
01018	Emery Unified School District	349,219	0.010%
01020	Fremont Unified School District	12,554,246	0.342%
01022	Hayward Unified School District	8,199,154	0.223%
01024	Livermore Valley Joint Unified School District	4,208,323	0.115%
01026	Newark Unified School District	2,365,992	0.064%
01028	New Haven Unified School District	4,804,917	0.131%
01030	Oakland Unified School District	12,749,778	0.347%

Employer Audits?

- Visit a sample of K-12's, community colleges, county offices of education, charter schools, and regional occupation programs annually
- CHALLENGE – 3 years of covered payroll
to consider in audit approach



Employer Audits?

The nature and the extent of the work being performed by Crowe is solely for the purposes of their audit of CalSTRS' financial statements and Schedule of Proportionate Share and is not related to or substitute for any audits conducted independently by CalSTRS' Audit Services or your organization's external auditors.



How was my District selected?

Why me?

- Recommended guidance includes a tiered approach based on each employer's proportionate share of covered payroll with established criteria to test:
 - Individually important employers tested annually (> 20% of covered payroll),
 - Employers with covered payroll between 5% - 20% of covered payroll would be tested every 5 years,
 - Employers with a proportionate share of covered payroll that is < 5% but not deemed to be insignificant would be tested every 10 years and
 - Employers' covered payroll that is less than 2% of the proportionate share in the aggregate may not be subjected to testing (although auditor judgment and the element of unpredictability is applicable).

Working with Crowe and CalSTRS

Working with Crowe and CalSTRS

- Employer audits will be conducted by teams comprised of Crowe external auditors and CalSTRS Employer Auditors within Audit Services
- Ron Gasink, Senior Manager
Crowe Horwath LLP



What information will my
District be asked to provide?

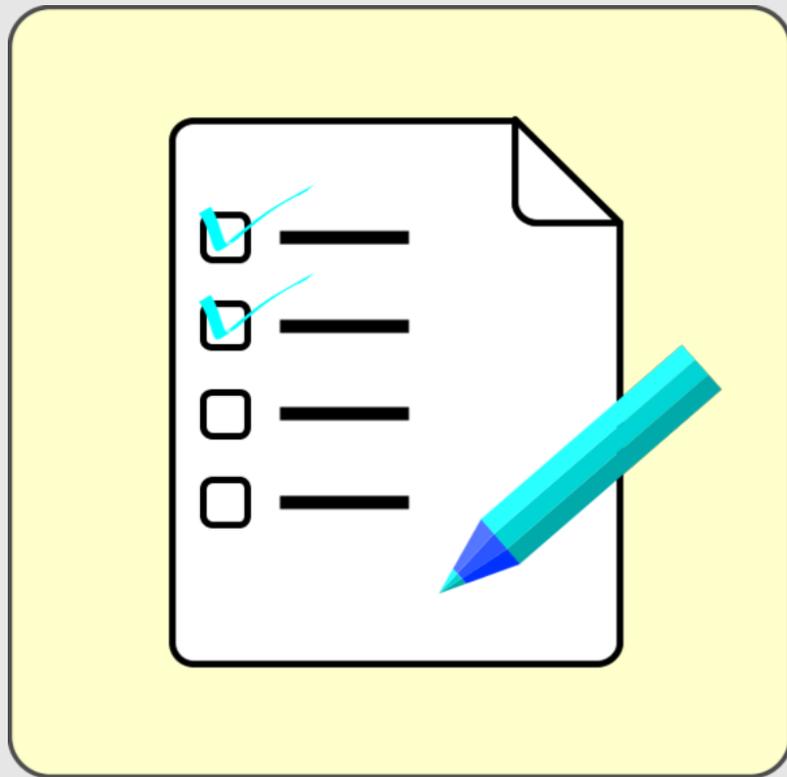
Who should we be talking with at your District?

- Provide us with the contact information for the following key positions at your district:
 - Payroll
 - Human Resources
 - Fiscal Services

- It is vital these individuals be available when we are scheduled to be at your district!



How will I know what information you want from me?



- Attachment 1
 - Location of payroll records
 - Name of payroll system
 - Payroll files (format)
 - Location of personnel records
 - Preferred fieldwork dates

How will I know what information you want from me?



- Requests for information will be handled through CiRT® (Crowe Information Request Tracker)
- Information will relate to:
 - Key census data for CalSTRS active members from your District
 - Listing of non-CalSTRS employees from the District
 - Payroll for multiple fiscal years

CiRT® – Crowe information
Request Tracker

CiRT® – Crowe information Request Tracker

- Not CERT, CiRT® ...



- CiRT® is a secure web-based tool Crowe will be utilizing with each District to transmit data regarding your District.
- The equivalent of a materials request letter will be prepared and delivered through CiRT® .
 - Each District will have a unique CiRT® site so data from one District will not be seen by another District.
 - It is important to not use email to transmit data, ONLY CiRT® !

CiRT® – Crowe information Request Tracker

- Setting up CiRT®
 - Must be done by each District
 - Primary District Contact will receive an email from Crowe to register on CiRT®
 - Primary District Contact will have the ability to assign tasks within your District
- Using CiRT®
 - Improves audit efficiency
 - Enables auditors to post requests for pre-audit information
 - Enables District personnel to respond to auditor requests
 - Tracks all requests, allowing District personnel and Crowe auditors to monitor progress and address issues timely

CiRT® – Crowe information Request Tracker

To view a short video about CiRT®, please visit the following site:

www.crowehorwath.com/cirtdemo

Questions?



CiRT® Requests

CiRT® Requests - Specifics on Information Needed

CiRT® Requests #1 and #2

- Information about the District
 - Contact information for your primary district contact as well as other key personnel
 - Organization Chart

CiRT® Requests - Specifics on Information Needed

CiRT® Request #3

Please provide all payroll codes per your payroll system for earned compensation, including a description of the type of compensation for each code. Additionally, identify the payroll codes that are used to determine CalSTRS eligible wages for purposes of calculating member contributions.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #4

Please attach a detailed payroll register as of and for the fiscal year ended (12 months) 6/30/2014 - this should include all employees who received a paycheck during this period. Please provide the system generated report as well as a copy of the report in one of the following formats (.txt, .csv, ASCII, excel, Print to PDF). If you run separate payroll reports for certificated employees and classified employees, please provide both. If the payroll reporting does not identify CalSTRS eligible wages and related member contributions, please provide additional support that agrees to the amounts reported to CalSTRS.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #5

Please attach a detailed payroll register as of and for the fiscal year ended (12 months) 6/30/2015 - this should include all employees who received a paycheck during this period. Please provide the system generated report as well as a copy of the report in one of the following formats (.txt, .csv, ASCII, excel, Print to PDF). If you run separate payroll reports for certificated employees and classified employees, please provide both. If the payroll reporting does not identify CalSTRS eligible wages and related member contributions, please provide additional support that agrees to the amounts reported to CalSTRS.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #6

Please provide a reconciliation between the detailed payroll register for the fiscal year ended (12 months) 6/30/2014 to the payroll expense recorded in the organization's general ledger for the year ended 6/30/2014. Please also attach a copy of the general ledger that supports the reconciliation.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #7

Please provide a reconciliation between the detailed payroll register for the fiscal year ended (12 months) 6/30/2015 to the payroll expense recorded in the organization's general ledger for the year ended 6/30/2015. Please also attach a copy of the general ledger that supports the reconciliation.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #8

For the selected sample of members (see file attached) please have the following information available for our onsite visit: Personnel records verifying: (1) date of birth, (2) gender and (3) date of termination, if applicable. The documentation to provide to meet this request should be prepared and signed by the employee, such as an employment application or insurance enrollment form.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #9

For the selected sample of members (see file attached at request #8) please have the following information available for our on site visit: (1) Job classification and (2) support for CalSTRS eligibility.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #10

For the selected sample of members (see file attached at request #8) please have the following information available for our on site visit: (1) Support for earned annual salary for the fiscal year ended 6/30/2014, (2) all contracts or wage authorizations and (3) support for any allowances or other amounts included in earned annual salary. This request includes support for any retroactive or other pay adjustments.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #11

For the selected sample of members (see file attached at request #8) please have the following information available for our on site visit: Support for earned annual salary for the fiscal year ending 6/30/2015, including all contracts or wage authorizations.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #12

For the selected sample of members (see file attached at request #8) please have the following information available for our on site visit: For the first member selected on the attached file, please provide a report generated from the payroll system that includes every pay period during the fiscal year ended 6/30/2014. This report should reconcile to the member's annual wages as requested in request # 10.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #13

For the selected sample of members (see file attached at request #8) please have the following information available for our on site visit: For the month noted in column E of the attachment, please provide the system generated payroll report for all payments made to the member during the month noted. If the member is compensated at a hourly or daily rate, please provide support for the hours or days worked for the period identified in column E.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #14

Please provide coding within your payroll system that distinguishes an employee's participation in CalSTRS vs. CalPERS.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #15

During our onsite testing, we will be selecting an additional sample of employees from your payroll report that are not designated as CalSTRS members to test for proper exclusion from such participation in CalSTRS. We will be requesting information to support employee classification for the sample selected and will request that you provide that information during fieldwork.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #16

The sample related to this request will be provided prior to fieldwork. For the selected sample of members (see attached file), please have the following information available for our onsite visit for the period identified in column B and corresponding remittances identified in column C: (1) Support for any allowances or other amounts included in wages during the period identified, (2) support for any retroactive or other pay adjustments, if applicable for the period identified; and (3) if the member is compensated at a hourly or daily rate, please provide support for the hours or days worked for the period identified in column B.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #16



Reconciliation of Employer Contributions

Employer Name:

Fiscal Period: From Jul 2014 To Dec 2014

Employer Contributions	
Media ID STM0000014207 (July 2014 file)	278,494.76
Media ID STM0000014308 (August 2014 file)	290,237.06
Media ID STM0000014450 (September 2014 file)	336,873.37
Media ID STM0000014577 (October 2014 file)	354,967.19
Media ID STM0000014686 (November 2014 file)	343,879.39
Media ID STM0000014786 (December 2014 file)	358,832.42
Total Employer Contributions	1,963,284.19

CiRT® Requests - Specifics on Information Needed

CiRT® Request #17

For the sample of remittances selected for testing (see file attached at request #16) for FY ending 6/30/2015 please provide(1) the system generated payroll reports as well as (2) the payroll reports in one of the following formats (.txt, .csv, ASCII, excel, Print to PDF). These payroll reports should include anyone who received a paycheck during this period supported by the remittance. If the payroll reporting does not identify CalSTRS eligible wages and related member contributions, please provide additional support that agrees to the amounts reported to CalSTRS.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #18

Please provide a reconciliation between the detailed payroll registers for the sample of remittances selected in request #16 to the payroll expense recorded in the organization's general ledger for the same period. Please also attach a copy of the general ledger that supports the reconciliations.

CiRT® Requests - Specifics on Information Needed

CiRT® Request #19

Please provide a copy of the government wide audited financial statements as of and for the year ended 6/30/2014.

Questions?



Next Steps & Related Expectations

Next Steps: What you should expect

- If not currently registered, Crowe will send an email to the Primary District Contact providing instructions to register on CiRT®
 - Upon registration, Crowe will post requests for pre-audit information including initial sample selection for active member census testing
- Crowe will contact Primary District Contact to:
 - Confirm fieldwork dates for on-site testing
 - Discuss any questions regarding the pre-audit information requests
 - Discuss any additional questions as appropriate

Next Steps: What you should expect

- In most cases, each District will be visited by a team of at least one Crowe auditor and one CalSTRS employee.
- In most cases, auditors visiting the District will be focused only on the areas related to the Employer Audits for GASB 67 and Schedule of Proportionate Share
- For most Districts the on-site portion of the audit should last approximately 2 – 3 days

What will be expected of each District:

- Respond timely to pre-audit information requests via CiRT®
- Be **prepared**... for on-site fieldwork by having all personnel records available for auditors upon arrival
- Be **available** ... for the confirmed dates of fieldwork
- Provide the requested data by the assigned due dates throughout the audit process
- Provide the auditors with requested supporting documents to complete the audits
- Provide assistance in understanding year-to-year variances in District payroll totals

What will be expected of each District:

- District business hours will be communicated to and confirmed with auditors
- Auditors will be provided with internet access during on-site fieldwork
- A dedicated workspace will be provided to accommodate 2 – 3 auditors working with confidential information such as payroll and personnel data

Questions?



Additional Information provided by Crowe

<https://www.crowehorwath.com/member-login.aspx>

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- Register as New User

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Additional Information provided by Crowe

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- GASB Update – A Review of Recently Implemented Standards and Upcoming Standards (Webinar Recording)
- Government Overview Brochure
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Events

- * GASB 67 & 68: A Six-Part Webinar Series Webinar
June 17, 2014, Noon-1 p.m.
- * GASB 67 & 68: A Six-Part Webinar Series Webinar
Aug. 19, 2014, Noon-1 p.m.

More Events

GASBs 67/68 Webinar Series provided by Crowe

Part 1 – Implementation Guidance GASB 67

Part 2 – Unlocking the Mystery Around Plan Assumptions

Part 3 – The Financials: Entries That Will Be Needed and Changes to the Statements for GASB 67 & 68

Part 4 – Help! What Do All the Questions and Answers Mean for My Implementation of GASB 67 & 68?

Part 5 – Audit Time – A Guide to Preparing for GASB 67 & 68 Audit

Part 6 – How to Present the Results Implementing GASB 67 & 68

Crowe Contact Information

Brenda Torres, CPA, Partner

Direct: 574.239.7873

Email: brenda.torres@crowehorwath.com

Jeff Jensen, CPA, Partner

Direct: 916.492.5162

Email: jeff.jensen@crowehorwath.com

Ron Gasink, CPA, Senior Manager

Direct: 630.575.4314

Email: ron.gasink@crowehorwath.com

CalSTRS Contact Information

- Art Martinez, CalSTRS Assistant Director of Accounting
 - AMartinez@calstrs.com
- Robin Madsen, CalSTRS Chief Financial Officer
 - RMadsen@calstrs.com
- For Audit related questions please send an email to
 - CalSTRSGASBProject@CalSTRS.com

Questions?

