

MOFD Consolidated Balance Sheet (FYE 6/30/2018)

	Operations	Retirement Plans	Consolidated
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and Investments	13,696,714		13,696,714
Receivables, net	890,900		890,900
Prepaid Items	16,443		16,443
Other assets	25,857		25,857
Total Current Assets	14,629,914	0	14,629,914
Noncurrent Assets			
Restricted cash and investments	2,306,257	3,008,656	5,314,913
Restricted pension trust assets	0	700,449	700,449
CCCERA pension assets	0	169,905,334	169,905,334
Restricted OPEB trust assets	0	882,128	882,128
Capital assets, net	11,465,867		11,465,867
Total Noncurrent Assets	13,772,124	174,496,567	188,268,691
Current Inflows and Outflows of Resources * / **			
Pension plans		-1,526,750	-1,526,750
OPEB		0	0
Total Current Inflows and Outflows of Resources*	0	-1,526,750	-1,526,750
Total Assets Before Deferred Inflows & Outflows of Resources	28,402,038	172,969,817	201,371,855
Deferred Inflows and Outflows of Resources * / **			
Pension plans ***		-6,058,445	-6,058,445
OPEB		16,881	16,881
Total Deferred Inflows and Outflows of Resources*	0	-6,041,564	-6,041,564
Total Assets and Deferred Inflows & Outflows of Resources	28,402,038	166,928,253	195,330,291
	15%	85%	
Liabilities and Deferred Intflows of Resources			
Current Liabilities			
Accounts payable and accrued liabilities	988,898		988,898
Salaries and benefits payable	1,208,332		1,208,332
Interest payable	22,548	368,656	391,204
Compensated absences - current portion	165,000		165,000
Current portion of long term liabilities	891,542	2,640,000	3,531,542
Total Current Liabilities	3,276,320	3,008,656	6,284,976
Noncurrent Liabilities			
Compensated absences	382,457		382,457
Due after one year	5,217,291	11,465,000	16,682,291
OPEB Liability	0	16,261,513	16,261,513
Pension Liability	0	213,113,872	213,113,872
CCCERA determination @ 7.00% discount		193,403,909	
MOFD adjustment for 6.25% discount rate		19,709,963	
Total Noncurrent Liabilities	5,599,748	240,840,385	246,440,133
Current Inflows and Outflows of Resources * / **			
Pension plans		1,608,356	1,608,356
OPEB		-182,181	-182,181
Total Current Inflows and Outflows of Resources*	0	1,426,175	1,426,175
Total Liabilities Before Deferred Inflows & Outflows of Resources	8,876,068	245,275,216	254,151,284
Deferred Inflows and Outflows of Resources * / **			
Pension plans		0	0
OPEB		0	0
Total Deferred Inflows and Outflows of Resources*	0	0	0
Total Liabilities and Deferred Inflows & Outflows of Resources	8,876,068	245,275,216	254,151,284
	3%	97%	
Net Position			
Before Deferred Inflows and Outflows of Resources			
Assets	28,402,038	172,969,817	201,371,855
Liabilities	8,876,068	245,275,216	254,151,284
Net Assets / (Liabilities)	19,525,970	(72,305,399)	(52,779,429)
Including Deferred Inflows and Outflows of Resources*			
Assets	28,402,038	166,928,253	195,330,291
Liabilities	8,876,068	245,275,216	254,151,284
Net Assets / (Liabilities)	19,525,970	(78,346,963)	(58,820,993)
Net Position (MOFD CAFR version)			
Net investment in capital assets	7,683,689		7,683,689
Restricted for debt service	2,306,257	3,008,656	5,314,913
Restricted for pension and OPEB Benefits	0	1,582,577	1,582,577
Unrestricted asset / (deficit)	9,536,024	-82,938,196	-73,402,172
Total Net Position	19,525,970	(78,346,963)	(58,820,993)

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* Deferred Inflows and Outflows of Resources. When GASB (Government Accounting Standards Board) implemented GAS 68, the intent was to put pension plan assets and liabilities on the balance sheet as opposed to demoting them to a footnote. They were to reflect the current position of the pension plan including any current revisions to assets and liabilities. However, since some adjustments are “abrupt” (like a 30% loss in asset value in 2008 or a \$25 million increase in liabilities that would result from decreasing the discount rate by a full percent), the Standards Board created the concept of Deferred Inflows and Outflows of Resources. These are “smoothing” factors that are applied to assets (in the event of earnings outside the projected earnings) and liabilities (due to changes in assumptions). Positive adjustments (to assets) were called Deferred Outflows while negative adjustments (to liabilities) were called Deferred Inflows. So, if the assets earned more than their projected rate (7.00% assumed by CCCERA, MOFD’s pension manager; 6.25% assumed by MOFD itself), then this would be a Deferred Inflow (offsetting part of the “extraordinary” gain in market value). This gain for any one year would be “amortized” over 5 years; 20% in the year of gain; another 20% the next year; etc. However, making an adjustment to an asset by increasing a liability is counter-intuitive. As would considering a decrease in liabilities (lower inflation rate) an additional asset. Thus, this balance sheet has moved decreases to assets back to the asset side of the ledger and decreases in liabilities back to the liability side.

** Further, all of these changes GASB considers “deferred”. It is agreed that rapid changes in assets due to extraordinary asset earnings or losses should be deferred as some of all of these may be reversed in the short term. However, changes to liabilities due to changes in assumptions should not be deferred unless it is relatively certain that the changes will be reversed. Thus this balance sheet show “current inflows and outflows” separate from “deferred inflows and outflows.”

*** The adjustment to the pension assets came from CCCERA. It was based on their projected earning rate of 7.00%. It shows a net decrease of \$6,058,455. This is the amount that the assets have earned in excess of 7.00% which is being “smoothed” over five years. However, since MOFD’s earning assumption is only 6.25%, this amount should be increased. At this point the data is not available to produce the adjusted value so the CCCERA provided value is used. The increase would be on the order of \$1-2 million.

MOFD Balance Sheet - Historical

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Assets									
Operations	28,402,038	27,127,758	23,149,805	16,461,842	14,655,306	13,970,038	16,515,136	16,068,413	15,479,702
Retirement	166,928,253	152,684,877	148,144,884	145,278,032	128,147,791	121,931,508	121,880,818	123,113,314	125,058,297
% funded	68%	71%	70%	71%	62%	57%	62%	64%	67%
Consolidated	195,330,291	179,812,634	171,294,688	161,739,874	142,803,097	135,901,546	138,395,954	139,181,727	140,537,999
Liabilities									
Operations	8,876,068	8,528,611	6,010,404	1,616,926	1,210,282	1,559,530	1,470,125	1,563,326	1,537,061
Retirement ***	245,275,216	216,465,372	211,196,573	204,902,439	205,571,337	213,130,689	195,357,948	190,881,749	187,549,493
Consolidated	254,151,284	224,993,982	217,206,976	206,519,365	206,781,619	214,690,219	196,828,073	192,445,075	189,086,554
Net Assets / (Liabilities)									
Operations	19,525,970	18,599,147	17,139,401	14,844,916	13,445,024	12,410,508	15,045,011	14,505,087	13,942,641
Retirement	(78,346,963)	(63,780,495)	(63,051,689)	(59,624,407)	(77,423,546)	(91,199,181)	(73,477,130)	(67,768,435)	(62,491,196)
Consolidated	(58,820,993)	(45,181,348)	(45,912,288)	(44,779,491)	(63,978,522)	(78,788,673)	(58,432,119)	(53,263,348)	(48,548,555)
Audited Financials									
Assets	37,790,211	39,386,825	37,921,236	40,837,381	39,986,513	40,413,428	41,987,104	42,413,250	42,522,422
Liabilities	74,512,924	82,001,252	77,705,922	63,717,455	30,187,414	31,758,514	31,546,926	31,488,662	31,477,514
Net	(36,722,713)	(42,614,427)	(39,784,686)	(22,880,074)	9,799,099	8,654,914	10,440,178	10,924,588	11,044,908
Footnotes (values in addition to what is on balance sheet)									
OPEB Liabilities*			8,513,367	10,367,143	10,548,373	17,992,714	19,348,937	20,611,000	21,799,000
Pension									
Assets	169,905,334						123,979,000	124,642,000	
Liabilities	193,403,909 **						148,360,000	142,547,000	
Net					not reported	(45,045,193)	(24,381,000)	(17,905,000)	365,000
from CCCERA					(40,103,662)				
Audited Financials including Footnotes									
Assets	207,695,545	39,386,825	37,921,236	40,837,381	39,986,513	40,413,428	165,966,104	167,055,250	42,522,422
Liabilities	244,418,258	82,001,252	86,219,289	74,084,598	40,735,787	94,796,421	199,255,863	194,646,662	52,911,514
Net-Net	(36,722,713)	(42,614,427)	(48,298,053)	(33,247,217)	(749,274)	(54,382,993)	(33,289,759)	(27,591,412)	(10,389,092)

* Only a portions of OPEB net liability was put on the balance sheet before 2017. This is the omitted portion.

** in 2018 the net liability was included on balance sheet but gross liability was exhibited only in a footnote

*** In 2018 the pension liability discount rate was reduced from 7.00% to 6.25%