



Legislative Post Audit Financial Audit Report Highlights

Kansas Public Employees Retirement System: Fiscal Year 2017

December 2017 • R-17-024

Audit Objectives: *Financial audits done in accordance with government audit standards assess (1) whether the audited organization's financial statements are fairly presented in accordance with applicable accounting principles, (2) whether there are any significant problems with the organization's internal controls, and (3) whether the organization complied with applicable legal requirements.*

Summary of Legal Requirements

State law requires an annual financial audit of the Kansas Public Employees Retirement System. This year's audit was conducted by CliftonLarsonAllen, a CPA firm under contract with the Legislative Division of Post Audit.

Background Information

KPERS provides three statewide defined-benefit retirement plans for more than 290,000 active, inactive and retired state and local public employees. These three plans are for public employees, police and fire, and judges.

In addition to retirement benefits, KPERS provides life insurance and disability benefits for active members.

The Governmental Accounting Standards Board (GASB) has made significant changes in accounting standards in recent years regarding pension plans like KPERS.

- The auditors expressed an unmodified opinion on the financial statements, meaning that the financial statements present KPERS' financial position fairly in all material respects and in conformity with generally accepted accounting principles.
- The audit disclosed no deficiencies in the KPERS' internal control over financial reporting and applicable compliance areas.
- The audit disclosed no instances of noncompliance with applicable legal requirements that were material to the KPERS' financial statements.

Summary of Recommendations:

The auditors made no recommendations.

- GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans. The goal is to provide greater transparency, consistency, and comparability in the financial statements for similar types of pensions. GASB 67 became effective for KPERS beginning fiscal year 2014.
- GASB 68 was implemented to better allocate responsibility for the net pension liability (an accounting version of the actuarial unfunded liability) among participating employers in a multi-employer pension plan like KPERS. This does not affect the financial statements for KPERS but it will require the state to recognize its share of the collective pension amounts (including net pension liability) on its financial statements rather than less prominently in the notes to those statements. GASB became effective for fiscal year 2015.

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Post Audit**

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HOW DO I REQUEST AN AUDIT?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.