

GASB Public Pension Accounting and Reporting Standards

In June 2012 the Governmental Accounting Standards Board (GASB) issued new public pension accounting rules that apply to ERB employers. Although these changes aren't required until fiscal years after June 2014, ERB has begun early implementation to assure we're ready to provide pension plan reporting information for each employer.

Some of the Potential Impact on Employers:

- A pro rata share of ERB's collective "Net Pension Liability" should be included as a liability on each employer's balance sheet, instead of within the notes to the financial statements.
- "Net Pension Liability" represents the difference between Total Plan Liability and Net Plan Position, reported at the market value of the investment assets. This approach may lead to more pension expense volatility from year to year.
- Required supplementary information schedules will be required for:
 - Net Pension Liability
 - Employer contributions
 - Changes in Net Pension Liability
- These disclosure changes may affect the financial statement preparation process and help employers determine their implementation year.
- ERB will provide annual allocation amounts, but employers should consult their auditors for implementation advice and services, as well as review reporting changes with your governing body.
- The new GASB rules apply only to accounting and financial reporting. They do not apply to funding, and will not be used to determine contribution requirements.
- The new rules should create greater transparency, consistency, and comparability of pension information.

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes and improves accounting and financial reporting standards for state and local governments in the United States. Link to the GASB website for updates: <http://GASB.org>.