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The GASB's New Pension Accounting and Financial Reporting Standards

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In This Issue

The GASB's new pension accounting and financial reporting standards will significantly change the information presented in state and local government annual financial reports regarding pension benefits.

This issue of *GRS Insight* offers a detailed explanation of the changes that apply to public pension plans and to the employers (and nonemployers) who contribute to the plans. In addition, it concisely summarizes the key changes in four tables on pages 12-15.

On June 25, 2012, the Governmental Accounting Standards Board (GASB) approved final standards related to pension accounting and financial reporting for state and local governments. GASB Statement 67, *Financial Reporting for Pension Plans,* establishes new standards for state and local governmental pension plans. GASB Statement 68, *Accounting and Financial Reporting for Pensions,* establishes new standards for governmental employers (and other entities) that contribute to state and local pension plans.

The final Statements significantly change current pension accounting and reporting standards for state and local governments by:

- Disconnecting state and local governmental pension accounting measures from the funding measures used to determine pension contributions;
- Requiring employers to recognize an unfunded pension obligation (i.e., the "net pension liability") as a balance sheet liability in their government-wide basic financial statements. Moreover, the unfunded liability is based on the market value of assets rather than a smoothed value;
- Requiring employers to recognize a new measure of the pension expense that may have little relation to the actuarially determined contribution; and
- Replacing most of the current financial note disclosures and required supplementary information with information based on the new measures.

This issue of *GRS Insight* is intended to provide a detailed explanation of many of the changes established under the GASB's new standards. How-

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ever, given the extent and complexity of the changes, it is not intended to provide a comprehensive explanation of all of the changes. Readers are encouraged to refer to the respective Statements and to summaries of the Statements provided on the GASB's website. A link to the GASB's website is provided on page 16.

Background

The GASB's new standards apply mostly to "defined benefit" (DB) pensions, which provide lifetime retirement income as defined by the plan's terms, including benefits based on age, years of service, and compensation. The GASB distinguishes DB pensions from "defined contribution" (DC) programs, which are based on amounts contributed to employees' individual accounts and provide benefits that depend only on the amounts accumulated in the account. While the GASB's new Statements include standards for DC programs, the new DC standards are largely unchanged from the current standards.

The GASB also distinguishes DB pensions from "other postemployment retirement benefits" (OPEBs) including retiree healthcare. To the extent the DB pension plan provides certain OPEB benefits (e.g., death benefits, life insurance and disability benefits), these are considered DB pension benefits. However, all retiree health care benefits and OPEB benefits provided outside of the DB pension plan are not considered DB pension benefits and, therefore, are not be subject to the GASB's new standards. Instead, they are subject to the GASB's current OPEB standards provided in Statements 43 and 45.[2]

Generally, state and local government pension plans are established through trusts that secure plan assets for the exclusive benefit of the plan members. The GASB's new standards apply to pensions that are administered through trusts, or equivalent arrangements, defined as arrangements in which:

- Employer (and nonemployer) contributions to the plan and investment earnings are irrevocable;
- Plan assets are dedicated to providing pensions to plan members in accordance with plan terms;
- Plan assets are legally protected from the creditors of the employer (as well as nonemployer) entities that contribute to the plan, and the plan administrator. In addition, plan assets must also be legally protected from the creditors of plan members.

If the pension benefits are not provided through trusts meeting these criteria, GASB Statements 25 and 27 would continue to apply.

> **Comment:** Plan documents and state law should be consulted to determine if the plan constitutes a trust or equivalent arrangement. The requirement that plan assets be protected from the creditors of plan members is a new provision and was not included in the current GASB standards.

In both the current and new standards, the GASB distinguishes between different types of plans and participating employers.[3] These distinctions are important since different types of plans and participating employers (and certain nonemployers) are subject to different requirements. As defined by the GASB:

- **"Single-employer plans"** provide pensions to the employees of only one employer. An employer in a single-employer plan is referred to as a "single employer."
- **"Agent multiple-employer plans"** provide benefits to employees of more than one employer by pooling the plan assets for investment purposes, but legally segregating each employer's plan assets to pay benefits to only its plan members. An employer in an agent plan is referred to as an "agent employer."
- **"Cost-sharing multiple-employer plans"** pool the assets and obligations across all participating employers and use plan assets to pay benefits to any participating plan members. An employer in a cost-sharing plan is referred to as a "cost-sharing employer."

For the GASB's purposes, a plan should be considered one DB pension plan if, on an ongoing basis, all assets accumulated in the plan may legally be used to pay benefits to any plan members. This applies even if

[2] The GASB is currently considering changes to the OPEB standards.

[3] Because the GASB's new standards are not yet in effect, this article refers to the standards currently in effect under Statements 25 and 27 as the "current" standards and the standards under Statements 67 and 68 as the "new" standards.

separate reserves or accounts are maintained for different groups of employees or separate valuations are performed. However, if portions of plan assets are accumulated to pay benefits solely for certain groups of plan members and may not legally be used to pay benefits for other groups, then separate DB pension plans should be reported.[4]

Current and New Standards for Employers

Generally, accounting and reporting standards establish how financial items are defined and measured (e.g., what constitutes an "expense" or a "liability") and where the items are displayed in the government's financial report (e.g., in the basic financial statements, notes to the financial statements, or required supplementary information, etc.). Items recognized in the basic financial statements are seen as having greater weight than those disclosed in the notes to the financial statements or other sections of the financial report. For state and local government employers, the two key pension measures presented in the basic financial statements are:

- **The pension liability**, which measures the employer's financial responsibility for pensions as of a given point in time; and
- **The pension expense**, which measures the employer's cost of pension benefits attributable to a given period (e.g., the fiscal year).

Current Standards for Single and Agent Employers

Generally, the current pension accounting measures are closely related to the pension funding measures. The current measure of pension expense for single and agent employers under GASB Statement 27 is the "annual pension cost" (APC) determined using an actuarially-based funding approach, and the same actuarial methods and assumptions used to determine the contributions necessary to fund the plan.[5] The APC consists of the employer's "annual required contribution" (ARC) plus certain adjustments if the employer has contributed more or less than the ARC over time. The ARC, in turn, is the actuarially determined cost of the benefits allocated to a given year (i.e., the "normal cost" or "service cost") plus the amortization of any unfunded actuarial accrued liabilities over a period not longer than 30 years.

The current measure of pension liability for single and agent employer's is the "net pension obligation" (NPO), calculated as the difference between the employer's annual pension cost and the employer's actual contributions to the plan accumulated over fiscal years beginning after the effective date of Statement 27 (i.e., beginning after June 15, 1997).[6]

Current Standards for Cost-Sharing Employers

For cost-sharing employers, the current measure of pension expense is the employer's contractually required contributions to the plan, which may or may not be actuarially determined. The cost-sharing employer's pension liability is the accumulated difference between the employer's contractually required contributions and the employer's actual contributions. Since the majority of cost-sharing employers pay their contractually required contributions, their current pension liabilities are typically zero.

New Standards for Employers

In developing its new standards, the GASB changed its perspective regarding pension accounting and reporting. While the current standards focus on the employer's costs of funding the benefits (i.e., the annual pension cost), the new standards focus more on the employer's pension liability. This is evidenced by several decisions underlying the GASB's new perspective:

- The employer incurs a pension obligation as a result of the exchange of employee services for compensation (referred to as the "employment exchange") and viewed in the context of an ongoing, career-long employment relationship;
- The pension plan is primarily responsible for paying pension benefits to the extent it has sufficient assets;

[4] GASB Statement 68, paragraph 14.

[5] The annual pension cost may or may not equal the actual employer contribution made to the plan. For example, some governmental employers make contributions based on a fixed, statutory rate. However, the APC would usually be a reasonable and actuarially-based funding amount.

[6] If the employer has an NPO, the ARC should also include interest on the NPO adjusted to offset the interest already included in the ARC to amortize contribution deficiencies or surpluses.

- The employer is primarily responsible for paying benefits to the extent the plan does not have sufficient assets; and

- The unfunded pension obligation meets the definition of liability under GASB Concepts Statement No. 4, *Elements of Financial Statements*, and is measurable with sufficient reliability to be recognized in the basic financial statements.

The Net Pension Liability

Based on its new perspective, the GASB decided that the employer's basic financial statement liability for pensions should be a measure of the employer's unfunded pension obligation. Referred to as the "net pension liability" (NPL), it is calculated as the employer's "total pension liability" (TPL) minus the employer's "plan fiduciary net position" (PFNP). The PFNP is essentially the fair (market) value of plan assets available for benefits. The TPL and the PFNP are both measured as of the "measurement date" and the resulting value of the NPL is recorded as a liability in the basic financial statements for the reporting year.[7]

The total pension liability is calculated by:

- Determining the projected benefits for each active employee from entry into the plan until the last expected retirement age, including benefits related to projected service, salary, automatic COLAs, and ad hoc COLAs, to the extent they are substantively automatic;[8]

- Discounting the present value of benefits using a "single discount rate" (discussed later on this page);

- Allocating the present value cost of such pension benefits for active employees over past, present, and future periods using the traditional entry age actuarial cost method, with service costs determined as a level percent of projected pay on an employee-by-employee basis;

- Determining the present value of projected benefits for each inactive and retired employee, including automatic COLAs and ad hoc COLAs, to the extent they are substantively automatic; and

- Adding the present value of benefit costs due to prior service for active employees to the present value of projected benefits for inactive and retired employees.

The resulting total pension liability is similar to the actuarial accrued liability that many state and local plans currently use for funding purposes. However, one key difference is the discount rate. Under the GASB's new standards, the discount rate is a single rate based on:

- The long-term expected investment return to the extent the plan's projected fiduciary net position is sufficient to pay projected benefits; and
- A tax-exempt, general obligation municipal bond yield or index rate to the extent the plan's projected fiduciary net position is not sufficient.[9]

Chart 1 (on page 5) illustrates the process for determining the single discount rate. Note that the chart is intended only as an illustration and does not represent an actual pension plan. The process includes the following steps:

1. Projecting future benefit payouts for all current active, inactive, and retired members, as illustrated by the solid red line.

2. Projecting the plan's fiduciary net position (PFNP), including current assets, projected future investment earnings, and employer and employee contributions (but only to the extent they are attributable to funding the benefits of current plan members).[10] This is

[7] The measurement date is discussed further in the Timing and Frequency of Measurement section on pages 8 and 9.

[8] Whether an ad hoc COLA is substantively automatic is determined using professional judgment based on several considerations, including: (1) historical patterns of granting the COLA; (2) consistency in amounts; and (3) evidence suggesting the changes might not be made in the future.

[9] This rate should be the yield or index rate for 20-year tax-exempt, general obligation municipal bonds with an average credit rating of AA/Aa or higher (or equivalent quality on another rating scale).

[10] Under Statement 68, projections of contributions should be based on current contribution policies and practices and include: (1) all employer contributions intended to fund benefits of current or former employees; and (2) all contributions of current employees. However, projected contributions should not include: (1) employer contributions attributable to funding the service costs of future employees; and (2) contributions of future employees.

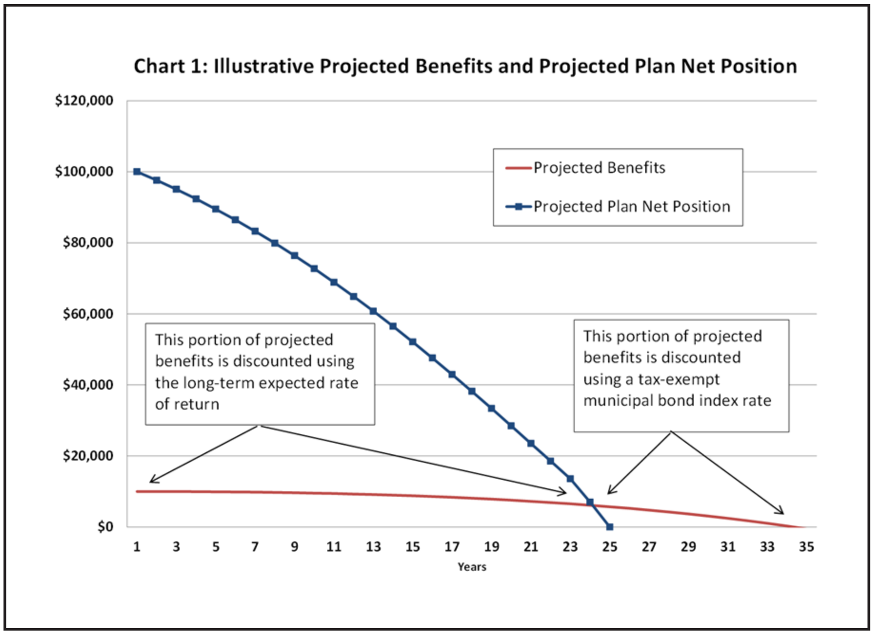

Chart 1: Illustrative Projected Benefits and Projected Plan Net Position

illustrated by the blue line with box markers. In the example shown, the projected PFNP is insufficient to pay projected benefits after 24 years (i.e., the "cross-over" point).

3. Calculating the present value of projected benefits up to the cross-over point using the long-term expected return on plan investments as the discount rate (since these benefits would be covered by projected assets).

4. Calculating the present value of benefits after the cross-over point using the municipal bond index rate (since these benefits would not be covered by projected assets).

5. Solving for the discount rate that, when applied to all projected benefits, results in a present value equal to the sum of the present values in Steps 3 and 4.

This rate would then be used to calculate the total pension liability and, by extension, the net pension liability. If current assets and projected future contributions and earnings are sufficient to cover all of the projected pension payments, the long-term expected return on plan investments would be used as the single discount rate without any adjustment for municipal bond rates.

Comment: Because agent multiple-employer plans legally segregate each employer's assets to pay benefits only to the employer's plan members, agent employers will likely have different crossover dates. Consequently, each agent employer will have its own single discount rate.

If the single or agent employer's contributions are subject to statutory or contractual requirements, or if a written funding policy related to employer contributions exists, professional judgment can be used in projecting future contributions, with consideration given to the most recent 5-year history. Otherwise, projected contributions would be limited to an average of contributions over the most recent 5-year period, potentially modified by subsequent events.

Comment: Having a written funding policy will be useful in providing a sound basis for projecting future contributions.

The Pension Expense

The GASB's new measure of a single or agent employer's pension expense (PE) is also a significant change. Rather than reflecting the employer's actuarially determined contributions used to fund the plan, the pension expense now reflects the change in the employer's net pension liability, with deferred recognition provided for certain items. Items immediately recognized in the new pension expense include:

- Service cost (i.e., the total normal cost for benefits under the traditional entry age cost method);
- Interest on the total pension liability as of the beginning of the year (additive);
- Projected investment returns over the year (subtractive);
- Current employee contributions (subtractive);
- Administrative expenses (additive); and

- Changes in the total pension liability due to changes in plan benefits.

Items with deferred recognition include:

- Changes in the plan's fiduciary net position due to differences between projected investment earnings and actual investment earnings. These are deferred and recognized in the pension expense over a 5-year closed period.

- Changes in the total pension liability due to: (1) changes in actuarial assumptions or (2) differences between expected and actual actuarial experience. These are deferred and recognized in the pension expense over a closed period equal to the average expected remaining service lives of active and inactive members, including retirees.

To the extent the amounts deferred are not immediately recognized in the pension expense, they accumulate as "deferred outflows of resources" or "deferred inflows of resources" and are recognized in the pension expense over future periods. This approach stems from the GASB's recent changes to accounting standards provided in GASB Statement 63.[11]

Changes Related to Cost-Sharing Employers

The GASB's new standards will also substantially change the way cost-sharing employers account for and report their pension liabilities and expenses. As discussed on page 3, cost-sharing employers currently report their contractually required contribution as the pension expense. In addition, they report the accumulated difference between their contractually required contributions and their actual contributions as the pension liability.

Under the GASB's new standards, cost-sharing employers are required to report their "proportionate share" of the cost-sharing plan's collective net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources. The cost-sharing plan calculates these values collectively for all participating employers using the same methods described earlier for single-employer and agent plans.

An individual employer's proportionate share is determined in a manner that is consistent with the method used by the cost-sharing plan to allocate the employer's contractually required contributions to the plan. While this may be achieved using various methods, including as a percentage of payroll, the GASB encourages the proportionate share to be based on the employer's "long-term contribution effort" to the plan.

> **Comment:** While the "long-term contribution effort" is not defined in the Statements, the new standard's history suggests it would be based on a long-term projection of the employer's relative share of total collective employer contributions, possibly expressed as the total present value of future employer contributions to fund the unfunded actuarial accrued liability or total present value of pay.

A cost-sharing employer's pension expense includes its proportionate share of the plan's collective pension expense. In addition, it also includes deferred recognition of: (1) changes in the cost-sharing employer's proportionate share from year to year; and (2) differences between the employer's actual contributions and its proportionate share of contributions. These amounts are deferred and recognized over the average remaining service lives of active and inactive members, including retirees.

> **Comment:** While it is unclear how the information required to conform with the cost-sharing standards will be assembled, it seems unlikely that cost-sharing employers will be able to obtain the information without assistance from the plan. It would be useful for cost-sharing employers and plans to begin discussing these arrangements.

Special Funding Situations

In some cases, governmental entities that do not employ plan participants have a legal responsibility to make contributions to the pension plan. For example, a state may make contributions to a teachers' retirement plan even though the teachers are employed by the local school districts. The GASB refers to these as "nonemployer contributing entities" (NCEs).

[11] GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, June 2011.

If an NCE is required to make contributions directly to the plan and the contributions "are not dependent on events unrelated to pensions," the GASB considers this a "special funding situation."[12] In these situations, the NCE is treated in much the same manner as a cost-sharing employer, and the NCE would calculate its proportionate share of the pension plan's net pension liability, pension expense, and deferred outflows and inflows. Moreover, if the NCE assumes a "substantial" portion of the pension liability, it would be required to provide note disclosures and required supplementary information as if it were a participating employer.

If the plan's terms define a specific relationship between the required contributions of an NCE and those of cost-sharing employers, the employers' proportionate share should be consistent with those terms. For example, if the plan requires the NCE to pay 25% of the employers' total actuarially determined contributions, the employers' portion of the collective NPL would be 75%.[13]

As another example, if a cost-sharing plan's terms require the NCE's contribution to be 100% of the past service cost on an actuarially funded basis, and also requires the employers' contributions to fully satisfy the portion of the actuarially determined service cost that is not offset by employee contributions, then the employers' portion of the NPL is considered to be zero percent.[14]

A special funding situation would not occur if the NCE made contributions directly to the employer, or if the NCE's contributions to the plan were dependent on events unrelated to pensions. For example, if the NCE's contributions were based on a revenue source not related to pensions, there would not be a special funding situation. However, a special funding situation would occur if the NCE was required to pay some percentage of employers' contributions to the plan.

Employer Note Disclosures and RSI

In addition to reporting the NPL and pension expense in their basic financial statements, governmental employers (and NCEs that assume a substantial portion of the pension liability) must also make disclosures related to pension benefits in the notes to their financial statements and in required supplementary information (RSI).

[12] GASB Statement 68, paragraph 15.
[13] GASB Statement 68, paragraph 92.
[14] GASB Statement 68, paragraph 92.

While employer note disclosures and RSI for pensions are required in the current standards, the new disclosures are more extensive. In addition, while the current disclosures and RSI focus on plan funding, the new disclosures will focus on the new accounting measures, which could be significantly different from the funding measures.

The note disclosures and RSI differ, depending on whether the government is a single employer, agent employer, or cost-sharing employer. For single and agent employers, the note disclosures include:[15]

- **Aggregate Information** – showing the total (for all pensions whether provided through single, agent, or cost-sharing plans) of the employer's pension liabilities, assets, deferred outflows of resources, deferred inflows of resources, and pension expense/expenditures for the measurement period, if not otherwise presented in the financial statements.

- **Primary and Component Units** – if employees of the primary government and its component units are provided benefits through the same single-employer or agent plan, the notes should separately identify amounts associated with the primary government (including its blended component units) and those associated with its discretely presented component units.

- **Plan Description** – including information identifying the plan; benefits provided; number and types of covered employees; authority to make contributions; the basis for determining contributions; contribution rates; and actual contributions made.

- **Significant Assumptions** – including the significant economic and demographic assumptions used in the accounting valuation, as well as the dates of experience studies on which significant assumptions are based. With respect to the single discount rate, disclosures include: (1) the long-term expected rate of return and how it was determined, including the assumptions and methods used to determine the rate; (2) a table presenting the asset allocation

[15] This summary of disclosure items is not intended to be comprehensive. Readers should refer to GASB Statement 68 for the complete list of disclosure items.

and expected real return for each asset class and whether the returns are arithmetic or geometric means; (3) other specified assumptions used to determine the single discount rate; and (4) the sensitivity of the NPL to changes in the single discount rate using rates that are 1-percentage point higher and lower than the single discount rate.

- **Plan Fiduciary Net Position (PFNP)** – including plan assets; plan liabilities; and plan fiduciary net position. However, if this information is available on the Internet, a reference to the report may substitute for the disclosures.

- **Changes in the NPL** – showing the beginning and ending balances of the TPL, PFNP, and NPL as well as the effects of the underlying components on the NPL.

- **Other Information** – including the NPL measurement date; date of the actuarial valuation on which the TPL is based; whether the valuation was rolled-forward; information concerning any special funding situations; and descriptions of changes in assumptions or benefits since the prior measurement date. In addition, the employer's balance of deferred outflows of resources and deferred inflows of resources are also reported, as well as the deferred outflows and deferred inflows that will be recognized in the pension expense over each of the next 5 years, and in aggregate thereafter.

In addition, single and agent employers provide the following as required supplementary information (RSI) over the 10-year period ending with the current fiscal year:

- **10-Year Schedule of Changes in the NPL** – showing the beginning and ending balances of the TPL, PFNP, and NPL as well as the effects of the underlying components on the NPL.

- **10-Year Schedule of the NPL** - showing the beginning and ending balances of the TPL, PFNP, and NPL, as well as covered-employee payroll and the NPL as a percent of covered-employee payroll. This schedule can be combined with the 10-year Schedule of Changes in the NPL.

- **10-Year Schedule of Actuarially Determined Contributions** – If an actuarially determined contribution is calculated for the employer (or NCE), this schedule would include: the employer's (or NCE's) actuarially determined contributions; actual contributions recognized by the plan; difference between the actuarial and actual contributions; covered-employee payroll; and actual contributions as a percent of covered-employee payroll.

- **10-Year Schedule of Statutorily Required Contributions** – If an actuarially determined contribution is not calculated for the employer (or NCE) and contributions are statutorily or contractually established, this schedule would include: the employer's (or NCE's) statutorily or contractually required contributions; actual contributions recognized by the plan; difference between the statutory and actual contributions; covered employee payroll; and the actual contributions as a percent of covered-employee payroll.

For employers (or NCE's) in cost-sharing plans, the note disclosures and RSI are somewhat different due to the fact that the cost-sharing employer's pension liability and expense reflect the employer's proportionate share of the plan's collective NPL and pension expense. Consequently, rather than providing a 10-year Schedule of Changes in the NPL, the cost-sharing employer provides a 10-year Schedule of the Employer's Proportionate Share of the NPL. Tables 2 and 3 (on pages 13 and 14) provide more detail regarding employer disclosures.

Timing and Frequency of Measurement

Under Statement 68, employers (and NCE's) will recognize their NPL as of a "measurement date" which can be no earlier than the end of the prior fiscal year. If the TPL is not actuarially determined on the measurement date, it should be projected ("rolled-forward") to that date from an actuarial valuation performed not more than 30 months plus one day prior to the employer's fiscal year-end.[16] In addition, the employer's pension

[16] If significant changes have occurred during this period, including changes to the discount rate, a new actuarial valuation may be required.

liability should be fully measured no less frequently than every two years.

For example, assume an agent employer implements Statement 68 for its fiscal year ending June 30, 2015. If the employer decides to measure the NPL as of a date other than the end of the fiscal year (e.g., to coincide with the pension plan's fiscal year-end and funding valuation date), it could select a measurement date (e.g., December 31, 2014) that is after the end of the prior fiscal year (i.e., June 30, 2014). The employer could base its NPL on an actuarial valuation of the total pension liability done not earlier than December 31, 2012 (i.e., not more than 30 months plus one day prior to the employer's June 30, 2015 fiscal year-end), provided there were no significant changes to the plan between the valuation date and the measurement date.

> **Comment:** The GASB originally proposed that employers measure their NPL as of the employer's fiscal year-end. However, the GASB later decided that this would place an undue burden on multiple-employer plans. The change allows employers in multiple-employer plans to recognize their NPL as of the plan's fiscal year-end.

Employer Effective Dates and Transition

GASB Statement 68 is effective for employers (and NCE's) for fiscal years beginning after June 15, 2014. In transitioning from the current standards, the new standards should be reported as adjustments of prior periods, with restatement of financial statements for the affected periods. However, the GASB recognizes that it may not be practical for some governments to restate the deferred inflows and deferred outflows. If so, the GASB would not require beginning balances for the deferred inflows and outflows to be reported.

However, the GASB does expect the cumulative effect of applying the new standards to be reported as a restatement of beginning net position for the earliest period restated. Also, the financial statements should disclose the nature of any restatement and its effect in the period that the new standards are first applied. If the prior periods are not restated, the reasons should be explained.

Current and New Standards for Plans

In addition to substantially changing the pension accounting and reporting standards for employers and NCE's, the GASB has also changed the standards for state and local pension plans. While changes to the plan's basic financial statements are relatively minor, changes to financial note disclosures and required supplementary information are substantial.

Current Plan Financial Statements and Disclosures

Under current GASB Statement 25, state and local DB pension plans are required to report a "Statement of Plan Net Assets" and a "Statement of Changes in Plan Net Assets" as the plan's basic financial statements. The Statement of Plan Net Assets (essentially the plan's balance sheet) shows:

- **Assets** (e.g., cash, receivables, investments (at fair value), assets used in operations, etc.)
- **Liabilities** (e.g., benefits due and payable, refunds currently due plan members, administrative expenses, etc.)
- **Plan Net Assets** (i.e., assets – liabilities)

The Statement of Changes in Plan Net Assets (essentially the plan's income statement) includes:

- **Additions** (e.g., employer and employee contributions, net investment income, etc.)
- **Deductions** (e.g., benefits and refunds paid, total administrative expense, etc.)
- **Net Increase (Decrease) in Net Assets** (i.e., additions – deductions)

The liabilities shown in the Statement of Plan Net Assets are for benefits (and refunds) that are due and payable, not for the long-term actuarial accrued liability (which is shown as RSI). Currently, plan disclosures in the notes to the financial statements include:

- **Plan Description** – including identification of the plan as a single-employer, agent, or cost-sharing plan; number of participating employers; groups of employees covered; number of members; brief description of benefit provisions (including automatic and ad hoc COLAs); and authority under which benefit provisions are established or amended.

- **Contributions and Reserves** – including authority under which employer and employee contributions are established or amended; funding policy; required contribution rates of plan members; long-term contracts related to plan contributions; and the balances in the plan's legally required reserves as of the reporting date.

- **Concentrations** – identifying any investments in one organization (other than the federal government) that amount to more than 5% of plan assets.

Currently, RSI includes (for each of the past 6 consecutive plan years):

- **Schedule of Funding Progress** – including the actuarial accrued liability (AAL), actuarial value of assets (AVA), unfunded AAL (UAAL), funded ratio, covered-employee payroll, and UAAL as a percent of covered-employee payroll.

- **Schedule of Employer Contributions** – including the annual required contribution (ARC) and actual employer contributions as a percent of the ARC.

New Plan Financial Statements

Statement 67 changes the plan's basic financial statements to the "Statement of Fiduciary Net Position" and "Statement of Changes in Fiduciary Net Position," respectively. The new Statement of Changes in Fiduciary Net Position is essentially the same as the current Statement of Changes in Plan Net Assets, and includes:

- **Additions** (e.g., employer and employee contributions, net investment income, etc.)
- **Deductions** (e.g., benefits and refunds paid, total administrative expense, etc.)
- **Net Increase (Decrease) in Fiduciary Net Position** (i.e., additions - deductions)

The new Statement of Fiduciary Net Position is also similar to the current Statement of Plan Net Assets, but adds entries for deferred outflows of resources and deferred inflow of resources as follows:

- **Assets** (e.g., cash, receivables, investments (at fair value), assets used in operations, etc.)
- **Deferred Outflows of Resources** (if any)
- **Liabilities** (e.g., benefits and refunds currently due to plan members and expenses, etc.)
- **Deferred Inflows of Resources** (if any)
- **Fiduciary Net Position** (i.e., assets + deferred outflows – liabilities – deferred inflows)

  Comment: The deferred outflows of resources and deferred inflows of resources reported in the pension plan's new Statement of Fiduciary Net Position are not the same as the deferred outflows of resources and deferred inflows of resources determined for the employer under Statement 68 and described in the Pension Expense section of this article. The employer's deferred outflows and deferred inflows are reported in the employer's financial statements.

New Plan Note Disclosures and RSI

State and local pension plans are also required to provide specific disclosures in the notes to the financial statements and in RSI. All plans (including single-employer, agent, and cost-sharing multiple-employer plans) are required to make disclosures that include, but are not limited to:

- **Plan Description** – including plan name; number of participating employers; composition of board; number and types of covered employees; authority under which benefits are established or amended; summary of benefits; contribution requirements; authority under which contributions are established; basis for determining contributions; and contribution rates.

- **Investment Policies** – including procedures and authority for amending the investment policy; policies pertaining to asset allocation; recent changes in investment policy; description of how the fair value of assets is determined; identification of investments in any one organization (other than the federal government) that represent more than 5% of the portfolio; and annual money-weighted rate of return, net of investment expense.

- **Receivables** – including the terms of any long-term contracts between the plan and employer (or NCE) and outstanding balances.

- **Allocated Insurance Contracts** – including the amount of benefits attributed to allocated insurance contracts purchased in the current period; a brief description of the pensions for which the contracts were purchased; and a statement that the benefit obligation has been transferred to the insurance company.

- **Reserves** – if reserves are established, this disclosure should include the authority for establishing the reserves; purposes and conditions under which the reserves may be used; and reserve balances.

- **Deferred Retirement Option Program (DROP)** – if a DROP is established, this disclosure should include the DROP terms and amounts held in the plan pursuant to the DROP.

In addition, single-employer and cost-sharing plans (but not agent plans) are required to disclose:

- **Components of the Net Pension Liability (NPL)** – including the total pension liability; plan fiduciary net position; net pension liability; and plan fiduciary net position as a percent of the total pension liability.

- **Significant Assumptions** – including the significant economic and demographic assumptions used in the valuation, as well the dates of experience studies on which significant assumptions are based. (Essentially the same as the significant assumption disclosures for single and agent employers.)

- **Actuarial Valuation Date** – including the date of the actuarial valuation on which the total pension liability is based and what update procedures were used (if any) to roll-forward the total pension liability to the plan's fiscal year-end.

The RSI for single-employer and cost-sharing plans (but not agent plans) includes:

- **10-Year Schedule of Changes in the NPL** – including the beginning and ending balances of the TPL, PFNP, and NPL as well as the effects of the underlying components on the NPL.

- **10-Year Schedule of the NPL** - showing the beginning and ending balances of the TPL, PFNP, and NPL, as well as covered-employee payroll and the NPL as a percent of covered-employee payroll. This schedule can be combined with the 10-year Schedule of Changes in the NPL.

- **10-Year Schedule of Actuarially Determined Contributions** (if calculated) – the employer's (or NCE's) actuarially determined contributions; the actual contributions recognized by the plan; difference between the actuarial and actual contributions; covered-employee payroll; and actual contributions as a percent of covered-employee payroll.[17]

- **10-Year Schedule of Money-Weighted Rates of Return** – the annual money-weighted rates of return on plan investments.

The RSI for agent multiple-employer plans only includes the 10-Year Schedule of Money Weighted Rates of Return.

Plan Effective Dates and Transition

Statement 67 is effective for plan fiscal years beginning after June 15, 2013.

Timing and Frequency of Measurement

Plans should determine the NPL as of the plan's fiscal year-end. If the TPL is not actuarially determined as of the plan's fiscal year-end, it should be rolled-forward to that date from an actuarial valuation performed not more than 24 months prior to the plan's fiscal year-end (provided there were no significant changes to the plan in the interim). Actuarial valuations of the TPL should be performed no less frequently than every two years.

> **Comment:** It is likely that most plans will have these valuations done in conjunction with their 2013 actuarial valuations for plan funding.

The following four tables (on pages 12-15) summarize the changes discussed in this article. The article continues on page 16.

[17] For cost-sharing plans, the employers' (or NCEs') contractually required contributions should be used in place of the actuarially determined contributions, if they are different.

Table 1
Summary of Current and New GASB Pension Standards for Governmental Employers
(This table is not intended as a complete list of the changes. Please refer to GASB Statement 68 for further information.)

For Employers in Single-Employer and Agent Multiple-Employer Plans			
	Current Statement 27	**New Statement 68**	**Implications**
Pension Liability **Recognized in the Employer's Basic Financial Statements**	**Net Pension Obligation (NPO) -** measured as the cumulative difference between the employer's annual required contributions (ARC) and actual contributions, plus interest on the previous year's NPO and other adjustments.	**Net Pension Liability (NPL) -** measured as the difference between the employer's total pension liability (TPL) and the plan's fiduciary net position (PFNP) as of the measurement date. PFNP is essentially the fair (market) value of plan net assets.	Including the NPL on the employer's balance sheet will be a major change. The NPL will be more volatile than the current unfunded actuarial accrued liability, possibly resulting in confusion about the funded status of benefits.
Pension Expense **Recognized in the Employer's Basic Financial Statements**	**Annual Pension Cost (APC) -** measured as the employer's annual required contribution (ARC) plus certain adjustments if the employer has contributed more or less than the ARC over time. The ARC is measured as the normal cost (i.e., service cost) plus amortization of the unfunded actuarial accrued liability over a maximum period of 30 years.	**Pension Expense (PE) - (using** traditional entry age actuarial cost method and the "single discount rate") Items with immediate recognition include: • Service cost (additive) • Interest on TPL (additive) • Projected investment returns over year (subtractive) • Current employee contributions (subtractive) • Administrative expenses (additive) • Changes in TPL due to changes in plan benefits Items with deferred recognition include: • Difference between projected and actual investment earnings (recognized over a closed 5-year period); and • Changes in (1) the TPL due to changes in assumptions and (2) differences between assumed and actual actuarial experience (recognized over a closed period reflecting the average expected remaining service lives of active and inactive members, including retirees).	The new measure of pension expense will be largely disconnected from the actuarial measure of the contributions used to fund benefits. The shorter deferral and recognition periods will increase the volatility of the new pension expense.
Allowed Actuarial Cost Methods	One of the six allowed methods: entry age, attained age, projected unit credit, aggregate, frozen entry age, and frozen attained age.	Traditional entry age, with allocation of service costs as a level percent of pay over the individual employee's expected service starting at entry age.	Use of the traditional entry age actuarial cost method could result in differences between the service cost used for accounting purposes and the normal cost used for funding purposes.
Discount Rate	Long-term expected rate of return on plan investments.	A single discount rate based on (1) the long-term expected rate of investment return to the extent the plan's projected fiduciary net position is sufficient to pay projected benefits and (2) a 20-year tax-exempt municipal bond rate with an average rating of AA/Aa or higher to the extent the plan's projected fiduciary net position is not sufficient.	If the tax-exempt municipal bond rate is incorporated into the single discount rate, the accounting measures of the pension liability will be more volatile than the funding measures of the pension liability.
Asset Valuation Method	Market value or smoothed market value.	Fair (market) value of the plan's net assets.	Use of the fair (market) value will add volatility to the NPL and PE.
For Employers in Cost-Sharing Multiple-Employer Plans			
Pension Liability	**Pension Liability** – measured as the cumulative difference between the employer's contractually required contributions and the actual contributions.	**Pension Liability** – measured as the employer's "proportionate share" of the cost-sharing plan's collective net pension liability. The employer's proportionate share is based on the employer's long-term contribution effort relative to the long-term contribution effort of all employers (and nonemployer contributing entities) to the plan.	Cost-sharing employers (and non-employer entities in special funding situations) will show a new and significantly more volatile measure of the pension liability on their balance sheets.
Pension Expense	**Contractually Required Contribution** – measured as the employer's contractually required contribution to the cost-sharing plan.	**Pension Expense** - measured as the employer's proportionate share of the cost-sharing plan's collective pension expense, with other related deferrals.	Cost-sharing employers (and nonemployer entities in special funding situations) will show a pension expense on their income statements that will not reflect their contractually required contributions.

Table 2
GASB Statement 68 Disclosures and Required Supplementary Information – Single and Agent Employers
(This table is not intended as a complete list of the changes. Please refer to GASB Statement 68 for further information.)

<table>
<tr><th colspan="2">Note Disclosures for Single and Agent Employers</th></tr>
<tr><td>Aggregate Information</td><td>The total (for all pensions whether provided through single-employer, agent, or cost-sharing plans) of the employer's pension liabilities, assets, deferred outflows of resources, deferred inflows of resources, and pension expense/expenditures for the measurement period, if not otherwise presented in the financial statements.</td></tr>
<tr><td>Primary Government and Component Units</td><td>If the employees of the primary government and its component units are provided benefits through the same single-employer or agent plan, the note disclosures should separately identify amounts associated with the primary government (including its blended component units) and those associated with its discretely presented component units.</td></tr>
<tr><td>Pension Plan Description</td><td>Including: (1) plan name; (2) the system that administers the plan; (3) identification of the plan as a single-employer or agent plan; (4) brief description of plan terms; (5) classes of covered employees; (6) types of benefits and key elements of the benefit formulas including COLAs; (7) number of covered members; (8) basis for determining contributions to the plan; (9) authority under which contributions are established or amended; (10) contribution rates; (11) actual contributions recognized during the reporting period; and (12) whether the plan issues a stand-alone financial report and how it can be obtained.</td></tr>
<tr><td>Assumptions and Other Inputs</td><td>All significant assumptions used to determine the TPL, including inflation, wage increases, and mortality tables. Information about the single discount rate should include: (1) the single discount rate and its change from the prior period; (2) long-term expected rate of return; (3) assumptions made for projecting the cash flows, including contributions from employers and members; (4) municipal bond rate used and its source; (5) periods over which the long-term expected rate of return is applied; (6) assumed asset allocation of the portfolio, including expected real return for each asset class; (7) whether the returns are presented as arithmetic or geometric means; and (8) the NPL calculated using a discount rate that is 1-percentage point higher and lower than the single discount rate.</td></tr>
<tr><td>Pension Plan's Fiduciary Net Position (PFNP)</td><td>Including: (1) plan assets; (2) plan deferred outflows of resources; (3) plan liabilities; (4) plan deferred inflows of resources; and (5) plan fiduciary net position. However, if this information is available on the Internet, a reference to the report may substitute for the disclosures.</td></tr>
<tr><td>Changes in the Net Pension Liability (NPL)</td><td>Including the beginning and ending balances of the TPL, PFNP, and NPL, and the effects of the following underlying components: (1) service cost; (2) interest on the TPL; (3) changes in benefit terms; (4) differences between expected and actual plan experience; (5) changes in assumptions; (6) contributions (including from employers, members, and nonemployer contributing entities (NCEs), if any); (7) net investment income; (8) benefit payments and refunds; (9) administrative expense; and (10) other changes. For employers with special funding situations, disclosures would include the employers' and NCE's proportionate shares of the collective NPL.</td></tr>
<tr><td>Other Information (if applicable)</td><td>• The measurement date of the NPL; the date of the actuarial valuation on which the TPL is based; and whether an update procedure was used to roll-forward the TPL to the measurement date.
• A brief description of the changes between the NPL measurement date and the employer's reporting date that are expected to have a significant effect on the NPL and the resultant change, if known.
• The amount of pension expense recognized by the employer during the measurement period.
• The employer's balances of deferred outflows of resources and deferred inflows of resources, classified as follows:
  o Differences between expected and actual experience in the measurement of the TPL;
  o Changes in assumptions and other inputs;
  o Net difference between projected and actual earnings on plan investments; and
  o The employer's contributions to the plan subsequent to the measurement date.
• A schedule presenting the following for each of the next 5 years and in aggregate thereafter:
  o The net amount of the employer's balance of deferred outflows and deferred inflows of resources that will be recognized in the employer's pension expense; and
  o The employer's balance of deferred outflows and deferred inflows of resources that will be included as a reduction of the NPL.
• If the employer has a special funding situation, additional disclosures would be required.</td></tr>
<tr><th colspan="2">Required Supplementary Information for Single and Agent Employers</th></tr>
<tr><td>10-Year Schedule of Changes in the NPL</td><td>Including the beginning and ending balances of the TPL, PFNP, and NPL, and the effects of the following underlying components: (1) service cost; (2) interest on the TPL; (3) changes in benefit terms; (4) differences between expected and actual plan experience; (5) changes in assumptions; (6) contributions (including from employers, members, and NCEs); (7) net investment income; (8) benefit payments and refunds; (9) administrative expense; and (10) other changes. If the employer has a special funding situation, other disclosures would include the employer's and NCE's proportionate shares of the NPL.</td></tr>
<tr><td>10-Year Schedule of the NPL</td><td>Including the beginning and ending balances of the TPL, PFNP, and NPL, as well as PFNP as a percent of TPL, covered-employee payroll, and NPL as a percent of covered-employee payroll. Additional disclosures for employers with special funding situations.</td></tr>
<tr><td>10-Year Schedule of Actuarially Determined Contributions</td><td>If an actuarially determined contribution is calculated for the employer (or NCE), the schedule would include: (1) actuarially determined contributions for the employer (or NCE); (2) actual amount of contributions recognized by the plan; (3) difference between actuarially determined contributions and actual recognized contributions; (4) covered-employee payroll; and (5) actual recognized contributions as a percent of covered-employee payroll.</td></tr>
<tr><td>10-Year Schedule of Statutorily Required Contributions</td><td>If an actuarially determined contribution is <u>not</u> calculated and contribution requirements are statutorily or contractually established for the employer (or NCE), the schedule would include: (1) statutorily or contractually required contributions of the employer (or NCE); (2) actual amount of contributions recognized by the plan; (3) difference between the statutorily or contractually required contributions and actual recognized contributions; (4) covered-employee payroll; and (5) actual recognized contributions as a percent of covered-employee payroll.</td></tr>
</table>

Table 3
GASB Statement 68 Disclosures and Required Supplementary Information – Cost-Sharing Employers
(This table is not intended as a complete list of the changes. Please refer to GASB Statement 68 for further information.)

Note Disclosures for Cost-Sharing Employers	
Aggregate Information	The total (for all pensions whether provided through single-employer, agent, or cost-sharing plans) of the employer's pension liabilities, assets, deferred outflows of resources, deferred inflows of resources, and pension expense/expenditures for the measurement period, if not otherwise presented in the financial statements.
Pension Plan Description	Including: (1) plan name; (2) the system that administers the plan; (3) identification of the plan as a cost-sharing plan; (4) brief description of plan terms; (5) classes of covered employees; (6) types of benefits and key elements of the benefit formulas including COLAs; (7) number of covered members; (8) basis for determining contributions to the plan; (9) authority under which contributions are established or amended; (10) contribution rates; (11) actual contributions recognized during the reporting period; and (12) whether the plan issues a stand-alone financial report and how it can be obtained.
Assumptions and Other Inputs	All significant assumptions used to determine the collective TPL, including inflation, wage increases, and mortality tables. Information about the single discount rate should include: (1) the single discount rate and its change from the prior period; (2) long-term expected rate of return; (3) assumptions made for projecting the cash flows, including contributions from employers and members; (4) municipal bond rate used and its source; (5) periods over which the long-term expected rate of return is applied; (6) assumed asset allocation of the portfolio, including expected real return for each asset class; (7) whether the returns are presented as arithmetic or geometric means; and (8) measures of the employer's proportionate share of the NPL calculated using a discount rate that is 1-percentage point higher and lower than the single discount rate.
Pension Plan's Fiduciary Net Position (PFNP)	Including: (1) plan assets; (2) plan deferred outflows of resources; (3) plan liabilities; (4) plan deferred inflows of resources; and (5) plan fiduciary net position. However, if this information is available on the Internet, a reference to the report may substitute for the disclosures.
Other Information (if applicable)	• The employer's proportionate share (amount) of the collective NPL. • The employer's proportion (percentage) of the collective NPL; the basis on which the proportion is determined; and the change in the proportion since the prior measurement date. • The measurement date of the collective NPL; the date of the actuarial valuation on which the collective TPL is based; and whether an update procedure was used to roll-forward the collective TPL to the measurement date. • A brief description of changes between the NPL measurement date and the employer's reporting date that are expected to have a significant effect on the collective NPL and the resultant change, if known. • The amount of pension expense recognized by the employer during the measurement period. • The employer's balances of deferred outflows of resources and deferred inflows of resources, classified as follows: o Differences between expected and actual experience in the measurement of the TPL; o Changes in assumptions and other inputs; o Net difference between projected and actual earnings on plan investments; o Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share; and o The employer's contributions to the plan subsequent to the measurement date. • A schedule presenting the following for each of the next 5 years and in aggregate thereafter: o The net amount of the employer's balance of deferred outflows and deferred inflows of resources that will be recognized in the employer's pension expense; and o The employer's balance of deferred outflows and deferred inflows of resources that will be included as a reduction of the collective NPL. • If the employer has a special funding situation, additional disclosures would be required.
Required Supplementary Information for Cost-Sharing Employers	
10-Year Schedule of the Employer's Proportionate Share of the Net Pension Liability	If the employer does not have a special funding situation: • The employer's proportion (percentage) of the collective NPL; • The employer's proportionate share (amount) of the collective NPL; • The employer's covered-employee payroll; • The employer's proportionate share (amount) as a percentage of covered-employee payroll; and • The cost-sharing plan's fiduciary net position as a percent of the TPL. If the employer has a special funding situation, the schedule would also include information regarding the NCE's proportionate share of the collective NPL that is associated with the employer.
10-Year Schedule of Statutorily of Contractually Established Employer Contributions	If the cost-sharing employer's contribution requirements are statutorily or contractually established, the schedule would include: (1) the statutorily or contractually established employer contribution; (2) actual amount of contributions recognized by the plan; (3) difference between the statutorily or contractually established contribution and recognized contribution; (4) covered-employee payroll; and (5) actual recognized contributions as a percent of covered-employee payroll.

Table 4
GASB Statement 67 Disclosures and Required Supplementary Information – Pension Plans
(This table is not intended as a complete list of the changes. Please refer to GASB Statement 67 for further information.)

Note Disclosures – All Plans	
Plan Description	Including: (1) plan name; (2) system that administers the plan; (3) identification of plan as a single-employer, agent or cost-sharing plan; (4) number of participating employers; (5) composition of board; (6) classes of covered employees; (7) number of covered members; (8) authority under which benefits are established or amended; (9) summary of benefits (including automatic and ad hoc COLAs); (10) contribution requirements; (11) authority under which contributions are established or amended; and (12) contribution rates.
Pension Plan Investments	Including: (1) procedures and authority for amending the investment policy; (2) policies pertaining to asset allocation; (3) recent changes in investment policy; (4) description of how the fair value of assets is determined; (5) identification of investments in any one organization that represent more than 5% of the portfolio; and (6) annual money-weighted rate of return, net of investment expense.
Receivables	Including: (1) terms of any long-term contracts between the plan and the employer or nonemployer contributing entity (NCE); and (2) outstanding balances.
Allocated Insurance Contracts	Including: (1) amount of benefit payments attributed to allocated insurance contracts purchased in the current period; (2) brief description of the pensions for which the contracts were purchased; and (3) the fact that the obligation for such benefits has been transferred to the insurance company.
Reserves	If the plan has a policy for setting aside reserves, the related disclosures should include: (1) the authority under which the reserves were established; (2) the purposes and conditions under which the reserves may be used; and (3) reserve balances.
Deferred Retirement Options Plans (DROPs)	If the plan has a DROP, the related disclosures should include: (1) a description of the DROP terms; and (2) the amounts held in the plan pursuant to the DROP.
Note Disclosures – Single-Employer and Cost-Sharing Plans	
Components of the NPL	Including: (1) total pension liability (TPL); (2) plan fiduciary net position (PFNP); (3) net pension liability (NPL); and (4) PFNP as a percent of the TPL.
Significant Assumptions Related to NPL	All significant assumptions used to determine the TPL, including inflation, wage increases, and mortality tables. Information about the single discount rate should include: (1) the single discount rate and its change from the prior period; (2) assumptions made for projecting the cash flows, including contributions from employers and members; (3) long-term expected rate of return; (4) municipal bond rate used and its source; (5) periods over which the long-term expected rate of return is applied; (6) assumed asset allocation of the portfolio, including expected real return for each asset class; (7) whether the returns are presented as arithmetic or geometric means; and (8) the NPL calculated using a discount rate that is 1-percentage point higher and lower than the single discount rate.
Actuarial Valuation Date	Including: (1) the date of the actuarial valuation on which the TPL is based; and (2) what update procedures were used to roll-forward the TPL to the plan's fiscal year-end (if applicable).
Supplementary Required Information – Single-Employer and Cost-Sharing Plans	
10-Year Schedule of Changes in the NPL	Including the beginning and ending balances of the TPL, PFNP, and NPL, and the effects of the following underlying components: (1) service cost; (2) interest on the TPL; (3) changes in benefit terms; (4) differences between expected and actual plan experience; (5) changes in assumptions; (6) contributions (including from employers, members, and NCEs); (7) net investment income; (8) benefit payments and refunds; (9) administrative expense; and (10) other changes.
10-Year Schedule of the NPL	Including the beginning and ending balances of the TPL, PFNP, NPL as well as PFNP as a percent of TPL, covered-employee payroll, and NPL as a percent of covered-employee payroll.
10-Year Schedule of Actuarially Determined Contributions	If an actuarially determined contribution is calculated, the schedule would include: (1) actuarially determined contributions for the employers (and NCEs); (2) actual amount of contributions recognized by the plan; (3) difference between actuarially determined contributions and actual recognized contributions; (4) covered-employee payroll, and (5) actual recognized contributions as a percent of covered-employee payroll. For cost-sharing plans, item (1) would be the contractually required contributions of employers or NCEs, if different from the actuarially determined contributions.
Supplementary Required Information – All Plans	
10-Year Schedule of Money- Weighted Rates of Return	Annual money-weighted rate of return on plan investments. Agent multiple-employer plans only need to include this schedule as RSI.

Conclusion

The GASB's changes to pension accounting standards are extensive and will take time to implement. State and local officials should make it a priority to understand the new Statements and establish a process for implementing them. In addition, since the new measures of NPL and pension expense are substantially different from the funding measures, efforts should be made to understand the differences in order to address possible confusion regarding the financial status of state and local government retirement plans.

The new standards are available on the GASB's website (www.gasb.org). From the GASB's home page, select "Pronouncements" from the top navigation bar and scroll down to Statements 67 and 68. Summaries of the Statements are also available, in addition to full-text versions.

The GASB is also working on implementation guides related to the new standards. According to the GASB's Technical Agenda (as of August 24, 2012), the guide for implementing Statement 67 related to plan accounting and reporting is scheduled to be available in the second quarter of 2013. The guide for implementing Statement 68 related to employers and NCEs is scheduled for the first quarter of 2014.

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