



Government Accounting Standards Board (GASB)

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North Carolina Department of State Treasurer
Financial Operations

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New GASB Standards for Pension Plans

- **GASB 67:** Financial Reporting for Pension Plans
 - Replaces GASB 25 and 50 for certain plans
 - Effective for FYE 6/30/14
- **GASB 68:** Accounting and Financial Reporting for Pensions
 - Replaces GASB 27 and 50 as they relate to employers that provide plans to employees
 - Effective for FYE 6/30/15
- **GASB's Purpose:**
 - Transparency – additional note disclosures provide information to decision makers
 - Consistency of how governments calculate the pension liability and expense



Scope of GASB 67 & 68

- All defined benefit plans administered by DST
 - Teachers and State Employees' Retirement System
 - Local Government Employees' Retirement System
 - Consolidated Judicial Retirement System
 - Legislative Retirement System
 - Firefighters' and Rescue Squad Workers' Pension Fund
 - National Guard Pension Fund
 - Registers of Deeds' Supplemental Pension Fund
- Does not include OPEB or Defined Contribution plans



Impact to North Carolina CAFR

- Accounting reporting standards and pension plan funding approach no longer closely associated
- Financial Statements to contain new total and net pension liability calculated and disclosed in the same way as all defined benefit plans reported according to GASB standards



Impact to North Carolina CAFR

- GASB 67: Financial Reporting for Pension Plans
 - Additional Note Disclosures
 - Investment Policies including asset allocation
 - Long-term expected real rate of return by asset class
 - Annual money weighted rate of return on plan investments
 - Total pension liability, significant assumptions and other inputs used to determine
 - Fiduciary net position and net pension liability
 - Discount rate applied to determine the total pension liability and its component assumptions such as projected cash flow and long-term expected rate of return on investments
 - Sensitivity to 1% change in discount rate



Impact to North Carolina CAFR

- GASB 67: Financial Reporting for Pension Plans
 - Required Supplementary Information
 - Replaces existing Required Supplementary Information
 - 10 year schedule of changes in net pension liability
 - 10 year schedule of net pension liability including measures of fiduciary net position as a percentage of the total pension liability
 - 10 year schedule of actuarially determined contributions (if calculated), contributions recognized, covered payroll and contributions as a percent of covered payroll
 - 10 year schedule of annual money weighted rate of return



Impact to North Carolina CAFR

- GASB 68: Accounting and Financial Reporting for Pensions
 - Schedule of employer's proportionate share of plan contributions
 - Schedule of collective net pension liability, pension expense, deferred inflows and outflows
 - Pension expense, net pension liability and deferred inflows and outflows accounting entries prepared for the State CAFR



Key Stakeholders

- Communications
 - Employers and their governing bodies
 - General Assembly
 - External Auditor community
 - Board of Trustees
 - Rating Agencies/Other Users of CAFR
- Office of the State Auditor and Office of State Controller coordination for methodologies selected and data compilation



Information Resources

- Resources for GASB 67 & 68:

GASB

- <http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176163527830>
- <http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176163527868>

Office of State Controller

- <http://www.osc.nc.gov/financial/34gasb/34gasb.html>



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Thank You!

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