

## GASB approves revised approach for cost-sharing multiple-employer plans

### Who should read this notice

Those responsible for compiling the *Comprehensive Annual Financial Report (CAFR)*

### Situation overview

On June 25, 2012, the Governmental Accounting Standards Board (GASB) voted to approve two new standards for reporting of public employee pensions by state and local governments. GASB Statement No. 67, "*Financial Reporting for Pension Plans*" replaces the requirements of Statement No. 25 for retirement systems that administer pension plans on behalf of their participating employers. GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" replaces the requirements of Statements No. 27 and No. 50 as they relate to governments that provide pensions to their employees through cost-sharing multiple employer pension plans such as OPERS. GASB upheld their original position requiring government employers to report a share of the OPERS unfunded pension liability on their financial statements, but they revised the approach.

The original approach as included in the Statement No. 27 Exposure Draft would have required OPERS to calculate a share of the unfunded accrued actuarial liability (UAAL) and pension expense for each employer, then roll those calculations forward to each individual employer's fiscal year end. OPERS has approximately 3,700 reporting employers.

The simplified approach included in Statement No. 68 permits employers to calculate their share of the UAAL and pension expense using information contained in OPERS' Comprehensive Annual Financial Report (CAFR). The provisions of Statement No. 68 are effective for fiscal years beginning after June 15, 2014. A complete copy of GASB Statement No. 68 will be available for download at no cost from the GASB website in early August.

### What employers need to do

Please review the published standards and prepare to include the required information in your financial documents. Keep current with new information posted on the GASB website [www.gasb.org](http://www.gasb.org) and the GASB Standards section of [www.opers.org](http://www.opers.org). Look for additional notices regarding the impact to OPERS public employers as more information is available.

### Changes to the *Employer Manual*

No revisions to the *Employer Manual* have been made as a result of this *Employer Notice*.

### Whom to contact for more information

After reviewing this *Employer Notice*, contact Employer Outreach with questions at 1-888-400-0965, or by e-mail at [employeroutreach@opers.org](mailto:employeroutreach@opers.org).

### Note:

The proposed revised approach permits employers to calculate their share of the UAAL and pension expense using information contained in OPERS'

Comprehensive Annual Financial Report (CAFR) – currently available on [www.opers.org](http://www.opers.org).



1-888-400-0965

[www.opers.org](http://www.opers.org)



**For a current listing of OPERS Board members, please visit [www.opers.org](http://www.opers.org)**

*It is your responsibility to be certain that OPERS has your current physical and e-mail address on file. If OPERS is not made aware of address changes, we cannot guarantee that you will receive important information pertaining to OPERS public employers. This Employer Notice is written in plain language for use by public employers who are subject to coverage under the Ohio Public Employees Retirement System. It is not intended as a substitute for the federal or state law, namely the Ohio Revised Code, the Ohio Administrative Code, or the Internal Revenue Code, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code, or Internal Revenue Code. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the Ohio Public Employees Retirement Board, or regulation of the Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney.*