

GASB LIAISON MEMORANDUM NUMBER 14-01

To: Agency Heads and Chief Financial Officers

From: Cindy Rougeou
Executive Director

Re: Government Accounting Standards Board (GASB) Reporting Standards

Date: March 6, 2014

In June 2012, the [Governmental Accounting Standards Board \(GASB\)](#) issued two related statements which will substantially change the accounting and financial reporting of pensions for LASERS and its participating employers:

- [Statement No. 67 \(GASB 67\), *Financial Reporting for Pension Plans*](#)
 - Replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 50, *Pension Disclosures*
 - Establishes accounting and reporting standards for public pension systems that are separate from the funding approach through new note disclosures and required supplementary information
 - Standardizes actuarial valuation practices to enhance comparability for similar types of pension plans by requiring use of the entry age normal attribution method for all plans
 - Defines the pension system information to be provided to the participating employers of public pension plans
 - No impact on the *Statements of Plan Net Positions* and the *Statements of Changes in Plan Net Position* of pension systems
 - Effective for fiscal periods beginning after June 15, 2013
 - Affects LASERS financial statements and note disclosures for the fiscal year ending June 30, 2014 and will be reflected in LASERS 2014 CAFR

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- [Statement No. 68 \(GASB 68\), Accounting and Financial Reporting for Pensions](#)
 - Replaces the accounting and financial reporting requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*
 - **Effective for LASERS participating employers for fiscal years beginning after June 15, 2014**
 - The key implications for LASERS employers resulting from GASB 68 are as follows:
 - Establishes pension reporting standards for employers participating in public pension plans
 - From information provided by the pension systems to their employers –
 - Requires employers to recognize their proportionate share of the collective net pension liability in their financial statements
 - Establishes recognition of deferred inflows/outflows of resources depending on changes in the net pension liability
 - Provides a new definition of pension expense (or income)
 - Requires new note disclosures and required supplementary information similar to those for pension plans as described in GASB 67

LASERS staff is currently developing an implementation plan for GASB 67 and a number of helpful tools to assist our employers in the implementation of GASB 68:

- Ongoing updates regarding implementation issues will be available on [LASERS GASB Web page](#).
- Direct correspondence with individuals at each reporting agency responsible for the production of financial reports
- Providing information targeted to the governing boards of affiliated employers
- Preparing a schedule for the appropriate measurement of each employer's collective net pension liability for use in employer accounting, financial statements, note disclosures
- Web-based educational resources for audiences including LASERS employers, their financial statement preparers, and possibly even local auditing firms responsible for auditing employers' financial statements
- Sample language for incorporation in the employer's footnote disclosures and required supplementary information

For additional information on the implementation plan:

Website: www.lasersonline.org/GASB

Email: GASBrequest@lasersonline.org

Contact:

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