

# **Presentation to the California Public Employees Post-Employment Benefits Commission**

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Michelle Czerkawski, project manager  
Governmental Accounting Standards Board

**The views expressed in this presentation are those of Ms. Czerkawski. Official positions of the Governmental Accounting Standards Board are determined only after extensive due process and deliberation.**

# Overview

- What is the GASB?
- Relevant GASB standards
- Philosophy/approach
- Summary of required information

# What is the GASB?

- Independent, not-for-profit organization
- Mission focuses on improving value of governmental financial reports
- Source of generally accepted accounting principles (GAAP) for governments
- No enforcement authority
- Standards do not establish management or budgeting requirements

# GASB Pension & OPEB Standards

- Pensions (April 1994)
  - Statement No. 25 — plan reporting
  - Statement No. 27 — employer reporting
- OPEB (March & June 2004, respectively)
  - Statement No. 43 — plan reporting
  - Statement No. 45 — employer reporting
- Each Statement received extensive due process exposure

# Foundation of GASB Requirements

- Plans
  - Information about stewardship of assets held in trust for plan members
- Employers
  - Retiree benefits are part of compensation for services provided by employees
  - Cost of benefits (paid out in the future) are part of government's cost of providing services when employees provide their services
  - Measurement, recognition, and disclosure of information about retiree benefits over periods approximating the service life of an active employee group
  - Parameters to guide actuarial measurements
    - Refer to Actuarial Standards of Practice
    - “Funding friendly” approach that allows significant flexibility

# Summary of Required Information—Plans

- Two financial statements
- Note disclosures
  - Plan description
  - Accounting Policies
  - Contributions and reserves
  - Funded status and significant methods and assumptions
- Supplementary schedules
  - Multiyear funding progress
  - Trend in employer contributions

# Summary of Required Information—Employers

- Sole and agent employers
  - Financial statement information
    - Expense (based on actuarially-determined contribution amounts)
    - Accounting liability (cumulative expense less cumulative qualifying contributions)
  - Note disclosures
    - Reconciliation of actuarial contribution amount to accounting measure of annual pension/OPEB cost
    - Plan description
    - Funding policy / contribution rates
    - Funded status and significant methods and assumptions
    - Contributed amounts compared to expense – 3 years
  - Supplementary schedule
    - Multiyear funding progress for employer's individual plan

# Summary of Information Requirements—Employers (cont.)

- Cost-sharing employers
  - Financial statement information
    - Expense (based on contractually required contributions)
    - Accounting liability (cumulative expense less cumulative qualifying contributions)
  - Note disclosures
    - Plan description
    - Funding policy / contribution rates
  - Supplementary schedules
    - Not required unless the plan does not report

