

REPORTING

Note X – Pension Plans - Nongovernmental Plans (Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans)

INSTRUCTIONS TO PREPARER

Some local governments may provide pensions to their employees through a cost-sharing, multiple-employer defined benefit pension plan that:

- (1) is not a state or local governmental pension plan,
- (2) is used to provide defined benefit pensions to both employees of state or local governmental employers, and
- (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).

A union sponsored pension plan is an example of a plan meeting these criteria.

The accounting and financial reporting standards for these types of plans are established in the GASB Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. GASB Statement 68, *Financial Reporting for Pensions* **does not** apply to these types of plans.

GASB Statement 78 is effective for the fiscal year 2016.

Reporting Requirements

Financial Statements

- Pension liability, deferred outflows or deferred inflows are not reported in the financial statements.
- Pension expense is equal to the employer's required contributions to the plan.

Note Disclosures (GASB Statement 78, paragraph 8):

- a. Name of the pension plan, identification of the entity that administers the pension plan, and identification of the pension plan as a cost-sharing pension plan that has the characteristics described above.
- b. Whether the pension plan issues a publicly available financial report and, if so, how to obtain the report.
- c. A brief description of the benefit terms, including:
 - (1) The number of the government's employees covered,
 - (2) The types of benefits provided,
 - (3) The authority under which benefit terms are established or may be amended.

- d. A brief description of contribution requirements, including:
- (1) The basis for determining the employer's contributions to the pension plan (for example, pursuant to a collective-bargaining agreement),
 - (2) Identification of the authority under which contribution requirements of the employer and its employees are established or may be amended,
 - (3) The required contribution rates of the employer and its employees for the reporting period,
 - (4) The amount, in dollars, of the employer's required contributions for the reporting period,
 - (5) The expiration date(s) of the collective-bargaining agreement(s) requiring contributions to the pension plan, if any,
 - (6) A description of any minimum contributions required for future periods by the collective-bargaining agreement(s), statutory obligations, or other contractual obligations, if applicable,
 - (7) Whether the employer is subject to any provisions regarding withdrawal from the pension plan.
- e. The following information about the employer's payables, if any:
- (1) If not otherwise identifiable, the balance of payables,
 - (2) Significant terms related to the payables,
 - (3) A description of what gave rise to the payables (for example, required contributions to the pension plan or a contractual arrangement for contributions to the pension plan related to past service upon entrance into the arrangement).

Required Supplementary Information

The government should disclose a schedule of the employer's required contributions for each of the ten most recent fiscal years. The schedule should separately identify amounts associated with each pension plan. Also, the notes to RSI should provide information about factors that significantly affect trends in the amounts reported (e.g., changes in the size of the population covered by the benefit terms or changes in required contribution rates).