



North Carolina Office of the State Controller

Financial Reporting Update

GASB 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans - Effective for FY 2017

November 22, 2016

In December 2015, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* (GASB 78). This Statement applies to governmental employers and amends GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, paragraphs 4, 5 and 13.

GASB 78 is effective for the fiscal year ending June 30, 2017. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer.

This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information (i.e., schedule of employer's required contributions) for pensions that have the characteristics described above. Pension expense should be recognized equal to the employer's required contributions to the pension plan for the reporting period, and a payable should be reported for unpaid required contributions at the end of the reporting period. The requirements apply whether the government's financial statements are presented in stand-alone financial reports or are included in the financial reports of another government.

We are aware of a few universities that have extension employees who participate in a federal defined benefit retirement system. These universities should assess the materiality of GASB 78. If it is determined to be immaterial, they should have supporting documentation for this conclusion.

To gain additional understanding of GASB 78, please refer to the following resources:

- a. The GASB webpage from which you may access a PDF file of GASB 78 as well as other GASB pronouncements - [GASB Pronouncements](#)
- b. NACUBO Website Article - [New GASB Guidance Addresses Non-State Defined Benefit Pensions](#)

Thank you for your time and attention to this important change. Questions regarding this specific update should be directed to Virginia Sisson at 919-707-0530 or virginia.sisson@osc.nc.gov.