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Circular Letter

June 20, 2013

TO: **PUBLIC AGENCIES AND INTERESTED PARTIES**

SUBJECT: **GASB NO. 27 ACCOUNTING AND DISCLOSURE INFORMATION FOR 2013**

The purpose of this Circular Letter is designed to assist employers in preparation of the accounting information, footnote disclosure, and supplementary information which may be required under Governmental Accounting Standards Board Statement Number 27 (GASB 27) for the fiscal year ending on June 30, 2013.

It is expected that the reader has read and understands the "GASB NO. 27 Accounting and Disclosure Information" provided on the CalPERS website. To download this information, go to www.CalPERS.ca.gov and select **Employers** at the top of the page. Next, from the menu on the left, select **Actuarial, Risk Pooling, & GASB 27 Information**. Then click on **Governmental Accounting Standards Board 27 Resources** then finally, click on **GASB 27 Accounting and Disclosure Information**.

The material in this Circular Letter supplements the "GASB NO. 27 Accounting and Disclosure Information" provided on the CalPERS website. It will be needed for preparing the accounting and disclosure information for the fiscal year ending on June 30, 2013.

Please note that the employer is already in receipt of all plan-specific information needed to produce the required GASB 27 information for the June 30, 2013 financial statements. The Annual Required Contribution (ARC) for fiscal year 2012-13 was, in general, the CalPERS employer contribution rate for fiscal year 2012-13 as provided in the June 30, 2010 valuation report. If the employer contribution rate changed during the fiscal year for any reason (for example, due to a plan amendment), the ARC, in dollars, must reflect the impact of the change in the rate for the period of time it was applicable. GASB 27 states that the employer must disclose the required supplementary information for the most recent valuation and the two preceding valuations.

As of the date of this mailing, the most recent actuarial valuation is the June 30, 2011 valuation (which set the 2013-14 employer rates). The June 30, 2012 valuation is expected to be completed on or about October 31, 2013. The employer may choose to wait for the 2012 report and disclose the June 30, 2010, June 30, 2011, and June 30, 2012 actuarial information.

To obtain information regarding contributions made for any fiscal year ending on June 30; write to CalPERS, Fiscal Services Division, and Attn: RPA Unit, PO Box 942703, Sacramento, CA 94229-2703.

It is also acceptable if the employer wishes to proceed immediately with their financial report and disclose the June 30, 2009, June 30, 2010, and June 30, 2011 actuarial information. Please note that, effective with the June 30, 2003 valuation, risk pools were established for plans with less than 100 active members as of the valuation date. In general, plans satisfying this criteria were combined into pools based on their benefit formula and membership category (safety/miscellaneous). There are currently 10 risk pools that have actuarial information relating to GASB Statement 27. For these pooled plans, the actuarial information on a pooled basis is provided on page 10 of Section 1 of the 2011 report, titled "Information for Compliance with GASB Statement No. 27." For the non-pooled plans, this information can be found in Appendix C of the report.

The note disclosure information for the 2012-13 financial statements should reflect information set forth in the June 30, 2010 valuation report. Appendix A of the 2010 report contains information on assumptions and methods. In addition, Appendix B of the 2010 report contains a description of benefits included in the valuation. However, the information should be adjusted to reflect any plan changes that impacted the employer rate for any portion of the 2012-13 year.

As part of this Circular Letter, CalPERS has enclosed and updated Attachment I containing the table of Interest Rates and Amortization Factors, which may be used in determining the Annual Pension Cost (APC) for fiscal 2012-13. Again, detailed information concerning the APC and its derivation can be found on the CalPERS website. [Note: When more than one amortization period was used in determining the ARC for fiscal year 2012-13, **do not** use the amortization factors in Attachment I. (In order to determine if the employer rate was calculated using multiple amortization bases with different amortization periods see page 13 of the June 30, 2010 valuation report.) Instead, you should use an amortization factor equal to 17.2858, which is the factor used to amortize net actuarial gains and losses.]

It is recommended that employers provide a copy of this Circular Letter along with the updated Attachment I to their auditors.

Note that effective for financial statements for fiscal years beginning after June 15, 2014, GASB 68 replaces GASB 27; disclosure required under GASB 68 will require additional reporting. CalPERS is planning to provide GASB 68 disclosure information upon request for an additional fee. We urge you to start discussions with your auditors on how to implement GASB 68.

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If you have any questions, please call our CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

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Chief Actuary

Enclosure:

[Interest Rates and Amortization Factors 1987-88 through 2012-13](#)