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Date: **July 8, 2002**

Reference No:

Circular Letter No: **200-043-02**

Distribution: **I, IIA, VI**

Special:

TO:

PUBLIC AGENCIES AND INTERESTED PARTIES

**SUBJECT: GASB NO. 27 ACCOUNTING AND DISCLOSURE
INFORMATION FOR 2002**

This Circular Letter is designed to assist you 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 fiscal years ending in 2002. During August 1998, the CalPERS Actuarial and Employer Services Division issued a detailed package for compliance under GASB 27, which started with fiscal years beginning after June 15, 1997. It is expected that the reader has read and understands the information presented in the 1998 GASB 27 package. The 1998 GASB 27 package may be downloaded here.

The material in this Circular Letter **supplements** the 1998 GASB 27 package information. It will be needed for preparing the accounting and disclosure information for fiscal years ending in 2002.

Please note that the employer is already in receipt of all plan-specific information needed to produce the required GASB 27 information for June 30, 2002 financial statements. The Annual Required Contribution (ARC) for fiscal 2001-2002 was, in general, the CalPERS employer contribution rate for fiscal 2001-2002 as provided in the 6/30/99 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 6/30/00 valuation (which set the 2002-2003 employer rates). The 6/30/01 valuation is expected to be completed by October 31, 2002. The employer may choose to wait for the 2001 report and disclose the 6/30/99, 6/30/00, and 6/30/01 actuarial information. It is also acceptable if the employer wishes to proceed immediately with their financial report and disclose the 6/30/98, 6/30/99, and 6/30/00 actuarial information which is provided in Appendix C of the 2000 report, titled "Information for Compliance with GASB Statement No. 27." The footnote disclosure information for the 2001-2002 financial statements should reflect information set forth in the 6/30/99 valuation report. Appendix A of the 1999 report contains information on

assumptions and methods. In addition, Appendix B of the 1999 report contains a description of benefits included in the valuation. However, the information should be adjusted to reflect any plan changes that affected the employer rate for any portion of the 2001-2002 year.

As part of this Circular Letter, CalPERS has enclosed and updated Attachment 4 that was originally found in the 1998 GASB 27 package, *Table of Interest Rates and Amortization Factors*, which may be used in determining the Annual Pension Cost (APC) for fiscal 2001-2002. Again, detailed information concerning the APC and its derivation is set forth in the package for compliance under GASB 27 that was issued by CalPERS in August 1998. The enclosed Attachment 4 provides updated interest rate and amortization factors needed for fiscal year 2001-2002. [Note: When more than one amortization period was used in determining the ARC for fiscal year 2001-2002, **do not** use the amortization factors in Attachment 4. (In order to determine if the employer rate was calculated using multiple amortization bases with different amortization periods see page 7 of the 6/30/99 valuation report.) Instead, you should use an amortization factor equal to 10.000, 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 4 to their auditors.

If you have any questions or require additional clarification, please contact the actuary assigned to your agency.

Ron Seeling, Chief Actuary

Enclosure