



P.O. Box 942709  
Sacramento, CA 94229-2709  
**888 CalPERS** (or **888-225-7377**)  
Telecommunications Device for the Deaf  
No Voice (916) 795-3240  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

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Special:

# **Circular Letter**

**TO: PUBLIC AGENCIES AND INTERESTED PARTIES**

**SUBJECT: GASB NO. 27 ACCOUNTING AND DISCLOSURE INFORMATION FOR 2010**

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, 2010.

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](http://www.calpers.ca.gov) and select For Employers at the top of the page. Next, from the menu on the left, select Actuarial, Risk Pooling & GASB 27 Information. Next, click on Governmental Accounting Standards Board 27 Resources. 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, 2010.

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, 2010 financial statements. The Annual Required Contribution (ARC) for fiscal 2009-2010 was, in general, the CalPERS employer contribution rate for fiscal 2009-2010 as provided in the June 30, 2007 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, 2008 valuation (which set the 2010-2011 employer rates). The June 30, 2009 valuation is expected to be completed on or about October 31, 2010. The employer may choose to wait for the 2009 report and disclose the June 30, 2007, June 30, 2008, and June 30, 2009 actuarial information.

It is also acceptable if the employer wishes to proceed immediately with their financial report and disclose the June 30, 2006, June 30, 2007, and June 30, 2008 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. For these pooled plans, the actuarial information on a pooled basis is provided on page 6 of Section 1 of the 2008 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 footnote disclosure information for the 2009-2010 financial statements should reflect information set forth in the June 30, 2007 valuation report. Appendix A of the 2007 report contains information on assumptions and methods. In addition, Appendix B of the 2007 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 2009-2010 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 2009-2010. 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 2009-2010, 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, 2007 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.

If you have any questions or require additional clarification, please contact CalPERS Employer Contact Center at **888 CalPERS (888-225-7377)**.

ALAN MILLIGAN, MAAA, FCA, FSA, FCIA  
Chief Actuary

Enclosure