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Circular Letter

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**TO: PUBLIC AGENCY EMPLOYERS, CALIFORNIA STATE UNIVERSITIES,
SCHOOL EMPLOYERS, AND SCHOOL DISTRICTS**

**SUBJECT: GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)
STATEMENT 68 UPDATE**

The purpose of this Circular Letter is to provide employers with an update, and request information related to the Governmental Accounting Standards Board (GASB) Statement No. 68. In June 2012, the GASB issued Statement No. 68, which revises and establishes new financial reporting requirements for governments that provide their employees with pension benefits.

GASB 68 is effective for financial statements for fiscal years beginning after June 15, 2014. For Public Employees' Retirement Fund (PERF), GASB 68 classifies employers as cost-sharing and agent. A cost-sharing multiple-employer plan (cost-sharing plan) is one in which the participating employers pool their assets and their obligations to provide defined pension benefits, such as school employers and employers participating in public agency risk pools. An agent multiple-employer plan (agent plan) is one in which the assets of the employers are pooled for investment purposes but separate accounts are maintained for each individual employer. These plans at CalPERS are usually referred as non-pooled plans. CalPERS has identified each of these classification of employers within the PERF.

CalPERS administers agent multiple-employer, cost-sharing multiple-employer plans (PERF) and single employer pension plans (Judges' Retirement Fund, Judges' Retirement Fund II, Legislators' Retirement Fund). The new GASB standards apply to all three of these types of plans.

Prior to implementing GASB 68, employers participating in a cost-sharing multiple-employer defined benefit pension plan (cost-sharing plan) administered by CalPERS did not need any additional information beyond what was included in CalPERS' audited financial statements. Similarly, employers participating in an agent multiple-employer defined benefit pension plan (agent plan) administered by CalPERS used information from the CalPERS funding actuarial valuation reports for accounting and financial reporting purposes, and this was sufficient for their reporting purposes.

With the implementation of GASB 68, employers will be required to recognize a liability as employees earn their pension benefits (that is, as they provide services to the government). For the first time, employers will recognize their net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

Participating employers will need additional information from CalPERS beyond what is currently provided in the funding actuarial valuation reports and audited financial statements to determine their specific pension amounts and related note disclosures.

CalPERS intends to provide the additional information that will be needed by employers to meet financial reporting needs. Actuarial reports are scheduled to be available to employers in the spring of 2015 for fiscal years beginning after June 15, 2014. The information will be provided on a fee for service basis with the fee expected to be set in early 2015.

To assist employers in preparing for GASB 68, CalPERS has provided the following methods for communicating information pertaining to GASB 68:

- Refer to the following website for more detailed information and Frequently Asked Questions:
<http://www.calpers.ca.gov/index.jsp?bc=/employer/actuarial-gasb/home.xml>
- Specific questions not addressed on the website can be e-mailed to:
CalPERS_GASB_68@calpers.ca.gov
- A webinar will be scheduled in early 2015. The exact date and time will be posted on the website listed above.

We also urge each employer to begin having discussion with their auditors regarding GASB 68. To help CalPERS plan for GASB 68 work, CalPERS requests that each employer respond by December 1, 2014 with the following information via the e-mail address provided above:

1. Provide year end close dates. This information is necessary to understand the variety of reporting requirements that CalPERS will need to prepare.
2. Respond with the likelihood of requesting CalPERS to provide GASB 68 reporting information.

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

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