DAVID Y. IGE
GOVERNOR

DOUGLAS MURDOCK
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

May 18, 2015

COMPTROLLER'S MEMORANDUM NO. 2015-11

TO: Heads of Departments and Agencies

ATTN: Administrative, Business Management, and Fiscal Officers

FROM: Douglas Murdock, Comptroller

SUBJECT: Financial Reporting for Pensions and for Postemployment Benefits Other than Pensions (OPEB)

This memorandum addresses the accounting and financial reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and amends Comptroller's Memorandum 2008-22 regarding GASB 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions*.

PENSION

GASB Statement No. 68 is effective for financial statements issued for the fiscal year ended June 30, 2015 and requires cost-sharing employers to recognize their proportionate share of net pension liability, pension expense, deferred inflows related to pensions, and deferred outflows related to pensions. The Department of Accounting and General Services (DAGS) will require proprietary funds and component units to report their proportionate share of these items. DAGS will provide allocations each fiscal year, based on their proportionate share of qualified payroll.

In addition, proprietary funds and component units that prepare stand-alone financial statements shall include appropriate pension footnote disclosure including:

1. Plan description.

2. State policy on the allocation of net pension liability, pension expense, deferred inflows related to pensions, and deferred outflows related to pensions to departments and agencies that issue stand-alone financial statements.

3. The amount of pension contributions made by the department or agency in the past three fiscal years.

4. Statement that the State's Comprehensive Annual Financial Report includes required footnote disclosures and required supplementary information on the State's pension plan.

OPEB

Effective beginning fiscal year 2014, OPEB allocations are based on the proportionate number of qualified employees rather than the proportionate share of qualified payroll. This change was made in acknowledgement that OPEB costs are more closely aligned with the number of qualified employees than that amount of qualified payroll.

Should you have any questions regarding this memorandum, your staff may call Mr. Wayne Horie, Accounting System Administrator, at 586-0600.