



June 28, 2013

Dear Idaho Lawmaker:

My series of communiqués to state lawmakers over the past two years were so well received, I am continuing them again this year. This year's series begins with a brief overview of important changes in pension accounting and financial reporting from the Governmental Accounting and Standards Board (GASB). I wanted to introduce you to the changes now, although they do not go into effect until Fiscal Year 2015.

GASB Statements #67 and #68 change how governments calculate and report the costs and obligations associated with pensions. The intent of these changes is to improve the usefulness of reported pension information and to increase the transparency, consistency, and comparability of pension information across governments. Net pension liabilities will soon be reported on the balance sheet, providing users of financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees. *The changes only affect financial reporting, not funding standards.* In the coming months, PERSI will provide detailed information about the changes and explain how it will calculate the proportional share for each employer to report on their individual financial statements. This letter simply introduces the changes to you.

I will once again be traveling the state throughout the summer to meet with legislators, employers, members and constituency groups. Besides the GASB changes, topics of discussion will include PERSI's funded status, the progress of implementing our new pension administration system (aka IRIS), and the Firemens' Retirement Fund (FRF). If you would like to meet with me to talk about these or other issues, please contact Cheri Campbell at 208-287-9237.

Best regards,

Don Drum
Executive Director