



State of Rhode Island and Providence Plantations  
RHODE ISLAND BOARD OF EDUCATION  
COUNCIL ON POSTSECONDARY EDUCATION

560 Jefferson Boulevard  
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Enclosure 7a.  
October 14, 2015

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To: Members of the Council on Postsecondary Education

From: Commissioner Jim Purcell, Ed.D.

Date: October 8, 2015

Subject: Discussion of the Impact on the Institutional Financial  
Statements from the Implementation of GASB 68.

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes and improves standards of accounting and financial reporting for states and local governments in the United States. GASB was established in 1984 by the Financial Accounting Foundation (FAF) and 10 national associations of state and local government officials in 1984. It is now considered the official source of generally accepted accounting principles (GAAP) for state and local governments.

In their Statement No. 68 entitled "Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27, GASB is establishing the standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures for defined benefit pensions.

The implementation date for this statement was for fiscal years beginning after June 15, 2014. Therefore, the system institutions' financial statements for the fiscal year ended June 30, 2015 have this reporting requirement.

Unpaid pension liabilities are significant although they only apply to the system's portion of the state pension plan and not for the Council on Postsecondary Education's defined contribution plan which is fully paid.

While these adjustments are significant, it is important to note that implementation of these disclosures is happening to all public institutions nationally.

A presentation of the specifics of these adjustments will be included in the Council's review of the audited financial statements at the next Council meeting.

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