

ACCOUNTING FOR PENSIONS

Contents

	<u>Page</u>
I. Introduction	2
II. Definitions	2
III. General Approach	3
IV. Accounting for Pensions in the University's Financial Statements	6
A. Information Flow	6
B. Accounting Codes	6
C. Accounting Entries	6
D. 415(m) Plan	11
V. References	12
Exhibit 1: UCRP—The Big Picture: Flow of Data and Funds	13
Exhibit 2: UC—Campuses and Medical Centers	14
Exhibit 3: DOE Laboratories (Direct Contracts)	15
Exhibit 4: DOE (Terminated Contracts)	16
Appendix A: Accounting Entries	17

ACCOUNTING FOR PENSIONS

I. INTRODUCTION

In November 1994, the Government Accounting Standards Board (GASB) published Statement No. 27, *Accounting for Pensions by State and Local Government Employers*. The Statement outlined changes to the information that the University is required to record in its financial statements and report in its footnotes regarding pension costs. These changes were required for fiscal year 1997-98, with restatements for fiscal year 1996-97. However, at the implementation date, the University had no transitional liability and no annual required contributions due to the funded status of the plan. Both employer and employee contributions have been suspended since 1990, with the employee portion redirected to the Defined Contribution Plan. Therefore, since the time the Statement became effective the University has made only the footnote disclosures required by Statement No. 27.

The GASB has taken the position that pension benefits are a part of the compensation that employees earn each year, even though these benefits are not received until after employment has ended. Therefore, the cost of these future benefits is a part of the cost of providing services today. Among other matters, the Statement requires the University to record as an operating expense the actuarially-determined, accrued annual cost. It also requires the University to record and report the accrued liability, or net pension obligation, to the University of California Retirement Plan (UCRP). To comply with this requirement, the University must identify the annual pension cost and net pension obligation for the University as a whole and develop a general ledger coding structure which will provide the necessary financial data.

II. DEFINITIONS

Annual pension cost (APC)/Annual pension expense: A measure of the periodic cost of an employer's participation in a defined benefit pension plan. It is equal to:

- The annual required contribution (ARC) of the employer, excluding any employee portion.
- Plus one year's interest on the beginning balance of the net pension obligation at the rate of return that

was assumed when determining the ARC for the current year.

- Minus an ARC adjustment, equal to the discounted present value (ordinary annuity) of the balance of the net pension obligation at the beginning of the year, calculated using the same amortization methodology used in determining the ARC for that year. This adjustment is intended to offset the amount of interest (and principal, if any) already included in the ARC for amortization of past contribution deficiencies or excess contributions of the employer.

Annual required contributions of the employer (ARC): The employer's periodic required contributions to a defined benefit pension plan, calculated in accordance with the parameters. Any employee contributions are excluded. The ARC includes the University's normal cost and a provision for amortizing the unfunded actuarial liability, if any.

Normal cost: That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. The presentation of normal cost should be accompanied by reference to the Actuarial Cost Method used. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of normal cost.

Pension liability: The amount recognized by an employer for contributions to a pension plan less than annual pension expenditures/expense (APC).

Net pension obligation (NPO): The cumulative difference since the effective date of Statement No. 27 between annual pension cost and the employer's contributions to the plan, including the pension liability (asset) at transition (zero for the University), and excluding (a) short-term differences and (b) unpaid contributions that have been converted to pension-related debt. The NPO should not include amounts attributable to plan members (employees).

III. GENERAL APPROACH

The table on the following page provides an overview of the University's approach at the Plan level, the UC consolidated financial statement level and the separately audited financial statement level.

University of California Retirement Plan: Single-employer plan, with multiple cost-sharing participants									
	DOE Laboratories			CAMPUSES	UC Carve Outs				HASTINGS ¹
	LANL ²	LLNL ²	LBNL ²		ASUCLA	MED CTRS	UC PRESS	CEB	
Cost Sharing Plan "Employers"									
UCRP Financial Statement Level (one plan and one trust fund)									
Shared risks, rewards and costs?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Separate actuarial valuations?	Yes, individual lab, per DOE contract; combined for UC financial statement purposes.			No ³	No ³	No ³	No ³	No ³	No ³
Contractual/common assessment rate?	Contractual	Contractual	Contributions are all based upon the UC common "contractual" assessment rate.						
Separate fiduciary plan?	Yes, fund is a trust with only one account. Separate audit required.								
UC employees?	No	No	Yes	Yes	Yes	Yes	Yes	Yes	No
UC Financial Statement Level									
Included in UC statements?	Yes ²	Yes ²	Yes, UC employees via DOE contract	Yes, UC employees	Yes, blended component unit	Yes, UC employees	Yes, UC employees	Yes, UC employees	No, not UC employees
Include annual pension cost (APC) and net pension obligation (NPO) in UC statements?	Yes, combined DOE. Labs have a continuing financial obligation. Record APC as a DOE Lab expense, not in the UC APC expense.			Yes, record UC APC as UC expense; NPO includes DOE.					No, not UC employees
Record receivable / deferred revenue from DOE if market value of assets is less than actuarial accrued liability?	Yes, combined DOE. Labs have a continuing financial obligation. Record as DOE Lab revenue.			Not applicable					Not applicable
Cost Sharing Plan "Multiple Employers"									
"Carve Out" Financial Statement Level									
Record APC and NPO?	Yes, FASB basis for DOE.			No, only record "contractual" assessment as an expense. Do not "push down" APC and NPO.					No. No "push down"

Notes:

- 1 Hastings not significant to UC
- 2 Only retirees and inactives in plan
- 3 Common assessment rate

For the University's separately audited "carve out" entities:

The University considers the separate "carve out" financial statements to be based upon the premise that they fall within the spirit of "cost sharing employers" who participate in "cost sharing multiple-employer plans;" therefore, the annual expense on their statement of revenues, expenses and changes in net assets will be based upon the common contractually required assessment rate and there will not be any net pension obligation or asset on their statement of net assets. The APC and net pension obligation will not be "pushed down" to the separately audited financial statements. The appropriate disclosures for cost-sharing employers will be made in accordance with paragraph 20 of GASB Statement No. 27. Separate actuarial valuations will not be necessary for these "carve out" entities.

For the National Laboratories:

The DOE contracts require the University to prepare separate actuarial valuations for each laboratory so they may comply with the FAFASB accounting standards that state they must apply the provisions of FASB Statement No. 87 in their separate financial statements and financial reporting to the DOE.

Note however that the DOE contracts require pension actuarial valuations using FASB standards, not GASB standards. The pension actuarial calculations for the University will need to be done using GASB standards, if different from the FASB standards. Therefore, there will be a need for the University's actuaries to prepare two separate actuarial valuations for each laboratory, one under FASB and one under GASB standards.

For the Hastings College of the Law:

Hastings College of the Law is an affiliate of the University but is not included in the University's reporting entity. Therefore the annual pension cost and net pension obligation associated with this entity will be excluded from the University's financial statements and actuarial calculations.

IV. ACCOUNTING FOR THE PENSIONS IN THE UNIVERSITY'S FINANCIAL STATEMENTS

A. INFORMATION FLOW

Exhibit 1, *UCRP—The Big Picture: Flow of Data and Funds*, shows the flow of information and transactions between all of the entities involved in the UCRP process. Campuses, medical centers, DOE laboratories, the DOE (if contracts are terminated) and Hastings will transfer employer and employee contributions to UCRP. UCRP will invest these funds and provide pension benefit payments to retirees. At fiscal year-end, UCOP will determine the entries that are required to correctly account for the UCRP activity and UCRP liability at the systemwide level, based on information provided by the participating entities and the UCRP actuaries.

Exhibits 2, 3 and 4 give further details regarding the information flow for the campuses and medical centers, the DOE laboratories under contracts directly with the University and the DOE if contracts with the DOE have been terminated.

B. ACCOUNTING CODES

Accounting codes that have been established to provide information for financial reporting of UCRP activity, including pension and defined contribution plan activity can be found in Accounting Manual Chapter A-115-2, *Accounting Codes: General Ledger*.

C. ACCOUNTING ENTRIES

Appendix A includes the accounting entries that must be made to correctly record UCRP expenses and liabilities. The entries can be summarized as follows:

1. Campus/Medical Center Employer Contributions to the UCRP

Entries A1 through A7 reflect the monthly and annual entries necessary to record the assessment of the employer's contribution expense through the payroll system. The "common, contractually-required pension assessment rate" will be established annually by UC management, with consideration given to the actuarially-determined ARC and will be the only expense recorded at the campus and medical center for

UCRP. Campuses must transfer the funds collected from the assessment to the UCRP. The transfers will occur by electronic file transfer by pay period. The electronic transfers will be made using the "UCRS Control for Treasurer's STIP" process.

Note re: Agency Funds—The cost of salary and salary-related benefits paid from Agency Funds should be reflected in the University's consolidated financial statements, with an equal amount of funding reported as operating revenue. This means that instead of closing the expense out to a liability account, Funds Held for Others, campuses must record these costs in University accounts and record Operating Revenue to offset the expense.

Note re: Intercampus Transfers of Payroll—The home campus should record these payroll costs in a reportable expense account with Account Group Code (AGC) 300010 through 300130. The home campus, through the payroll expense distribution process, will be the source of the detailed benefits recorded in CFR. The home campus and the host campus will use object code 8910 to record the transfer of these expenditures (credit at the home campus, debit at the host campus). Object code 8910 should zero out each year on a consolidated basis. This will enable UCOP-Financial Management to more easily reconcile campus expense with the transfer of certain benefits to UCOP. These expense accounts must still have a financial balance of zero at the end of the fiscal year (for more, refer to Accounting Manual Chapter P-196-38).

Note re: Accruals—Accruals are made at year end to record expenses that relate to the current fiscal year but will not be paid until the next fiscal year. If accrual entries are made for salary and salary-related benefit costs which include pension expense, campuses must make sure that the liability entry for the accrual is recorded in the correct account: AGC 164271, CL-Employer Liability to UCRP-UC. This AGC reflects any short-term liability to the Pension Trust due to timing.

IV. ACCOUNTING FOR THE PENSIONS IN THE UNIVERSITY'S FINANCIAL STATEMENTS (continued)

Note re: Summer Session Deferrals—At certain campuses, the costs for the summer session are deferred to the following year. In recording this deferral, the costs are credited using the original object codes. When this deferral is recorded, and the expense for pensions and retiree health are reduced for the year, the assessment has already been transferred to UCOP and a discrepancy is created between the payments to the Pension Trust and the expense recorded at the campuses. The expense recorded at the campus for pension should not be deferred, since it distorts the reporting requirements. The amounts are not material and any assessments already transferred to UCOP should not be deferred.

2. Campus/Medical Center Employee Contributions to the UCRP

Entries B1 through B5 reflect the monthly and annual entries necessary to record the deduction and transfer of the employee contribution to the UCRP. The charge will appear as salary and wages expense in the campus general ledger, and will be recorded as a deduction from the employee's paycheck. Campuses must transfer the funds to the UCRP. The transfers will occur by electronic file transfer by pay period. The electronic transfers will be made using the "UCRS Control for Treasurer's STIP" process.

3. Hastings College of the Law Contributions to the UCRP

Entry C1 reflects the receipt of payment from Hastings for their pension cost recorded by the UCRP. Because Hastings employees are not University employees, UC will not record the Hastings pension liability on its statement of net assets or Hastings annual pension cost on its statement of revenues, expenses and changes in net assets.

4. DOE Laboratories Employer Contributions to the UCRP
(Direct Contracts)

Entries D1 through D4 reflect the assessments made by the DOE laboratories with direct contracts for their employer share of the UCRP cost and the payments received from the laboratories to the UCRP. The DOE laboratories' annual UCRP contribution will be recorded on UC's statement of revenues, expenses and changes in net assets, although as an expense in the DOE laboratories line item, not the UC Retirement Plan Benefits expense line used for non-DOE laboratory employees.

5. DOE Laboratories Employee Contributions to the UCRP
(Direct Contracts)

Entries E1 through E4 reflect the monthly recording of employee deductions at the DOE laboratories with direct contracts and payment of those amounts to the UCRP.

6. Year-End Systemwide Net Pension Obligation Entries

Entries F1 through F3 reflect the year-end entries required at UCOP to record the non-laboratory UCRP annual pension cost, the pension liability and the net pension obligation for the campuses and medical centers. The annual pension cost, pension liability and net pension obligation will not be "pushed down" to the separately audited financial statements. Using information from the actuary and the employer contributions made to the UCRP during the year, UCOP will record the APC consisting of the ARC, interest on the beginning of the year NPO (if any), and the adjustment to the ARC.

The portion of the University's APC expense associated with the UCRP will be recorded in the retirement plan benefits expense line. The ARC incremental accrual entry represents the difference between the ARC and the expense in the statement of revenues, expenses and changes in net assets recorded as a result of assessment rates.

IV. ACCOUNTING FOR THE PENSIONS IN THE UNIVERSITY'S FINANCIAL STATEMENTS (continued)

UC will receive actuarial reports based on GASB standards for each of the separate DOE laboratories in addition to the actuarial report for the UC non-laboratory segment and the overall UC system (campuses, medical centers, and the DOE laboratories, but excluding Hastings). The UC non-laboratory information will be used to record the annual UCRP costs and the Net Pension Obligation. If there is a Net Pension Asset at year end, the negative balance (debit) in the Net Pension Obligation account will be reclassified to a Net Pension Asset account. See Section H of Appendix A for the year-end entries associated with the DOE laboratories.

7. Year-End Systemwide Consolidating Entries-DOE Laboratories

Entries G1 through G2 record at UC's fiscal year-end the DOE laboratories' activity and liabilities and a receivable from DOE to cover the liabilities. The DOE laboratory under direct contract with UC (LBNL) will submit a reporting package at fiscal year-end to UCOP; the information contained in the reporting package will be used to record the consolidation of DOE revenue and expenses into the UC general ledger and to record certain liabilities of the DOE laboratories, including any current payment due to the UCRP. Included in the total expenses will be the amount of the pension expense related to the payments made to UCRP, which will be recorded in a separate object code from the remaining laboratories expense, although both will be reported in the DOE laboratories expense line in the statement of revenues, expenses and changes in net assets, if under a direct contract with the University.

8. Year-End GASB Statement No. 27 Entries-DOE Laboratories

Entries H1 through H7 reflect the year-end entries required at UCOP to record a current receivable and DOE laboratory revenue from the DOE and the resulting DOE laboratory expense and payable to the UCRP for any annual contribution required under the terms of any contract termination agreements based upon the "addendum report" prepared at the beginning of the plan year. Also, using information from the actuary and the contributions made to the UCRP during the

year, UCOP will record an additional noncurrent DOE receivable and DOE Net Pension Obligation and related revenue and expense, representing the DOE's ongoing legal obligation to provide future funding for the laboratory segments to the extent the market value of assets attributable to the laboratory segment is less than the laboratory segment's accrued actuarial liability.

9. UCRP Trust Entries

Entries I1 through I7 reflect monthly UCRP benefit payments and other payments of the UCRP and purchases of investments with monthly contributions received. Investments are adjusted to fair market value monthly. The UCRP Trust Net Assets will be accounted for in segments (UC, LANL, LLNL and LBNL). The UC segment and combined entries for the DOE laboratory segments are shown in the entries in this section. The recording of monthly contributions have been described in entries A4, A6, B4, B5, C1, D3, D4, E3, E4 and H6.

D. 415(m) PLAN

The 415(m) plan assets are not a formal trust and are available to the general creditors of the University.

Under paragraphs 69-72 of GASB Statement No. 34, in the case of the 415(m) plan, the GASB requires the 415(m) assets to be in a formal trust in order for fiduciary fund reporting. Therefore, the 415(m) plan assets and activity will be reported in the University of California entity and treated as the activity of a deferred compensation plan. The provisions of GASB Statement No. 27 do not apply to the 415(m) plan.

V. REFERENCES

GASB Statement

GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. November 1994

Memoranda

GASB Statement No. 27 Issues Resolution Memorandum No. 27.1, *Financial Reporting Approach for the University's Consolidated Financial Statements, the Separately Audited "Carve Out" Financial Statements, the National Laboratories' Financial Statements and The Hastings College of the Law*

GASB Statement No. 27 Issues Resolution Memorandum No. 27.2, *Required Changes to Support the Accounting for the University of California Retirement Plan (UCRP) in the University's Financial Statements*

GASB Statement No. 27 Issues Resolution Memorandum No. 27.3, *Financial Reporting to Recognize the Legal Financial Responsibility of the Department of Energy (DOE) for all UCRP Costs Associated with University of California Employees Who Currently Work at the Lawrence Berkeley National Laboratory (LBNL) or Who Previously Worked at the LBNL, Los Alamos National Laboratory (LANL) or the Lawrence Livermore National Laboratory (LLNL)*

GASB Statement No. 27 Issues Resolution Memorandum No. 27.4, *Financial Reporting for the University of California 415(m)-Restoration Plan (415(m) Plan)*

Issued 6/30/10; analyst-Barbara Lester.

EXHIBIT 1: UCRP—The Big Picture: Flow of Data and Funds

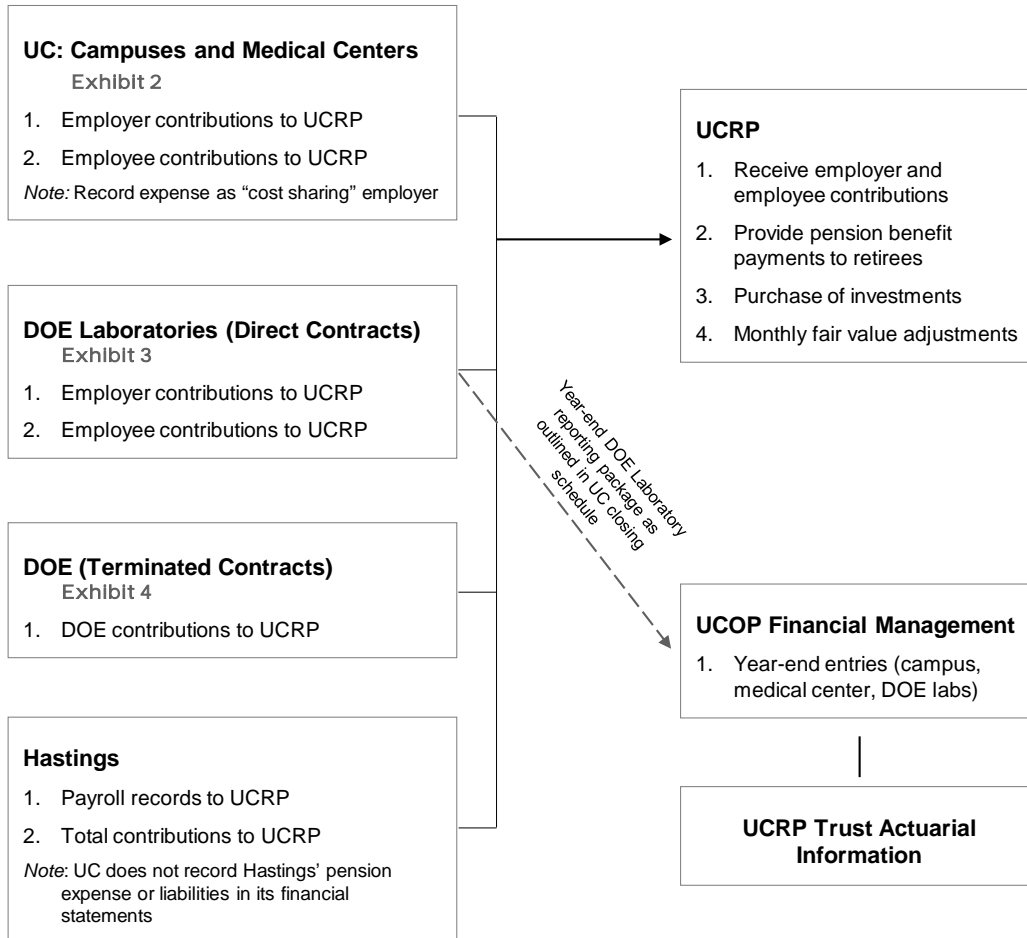


EXHIBIT 2: UC-Campuses and Medical Centers

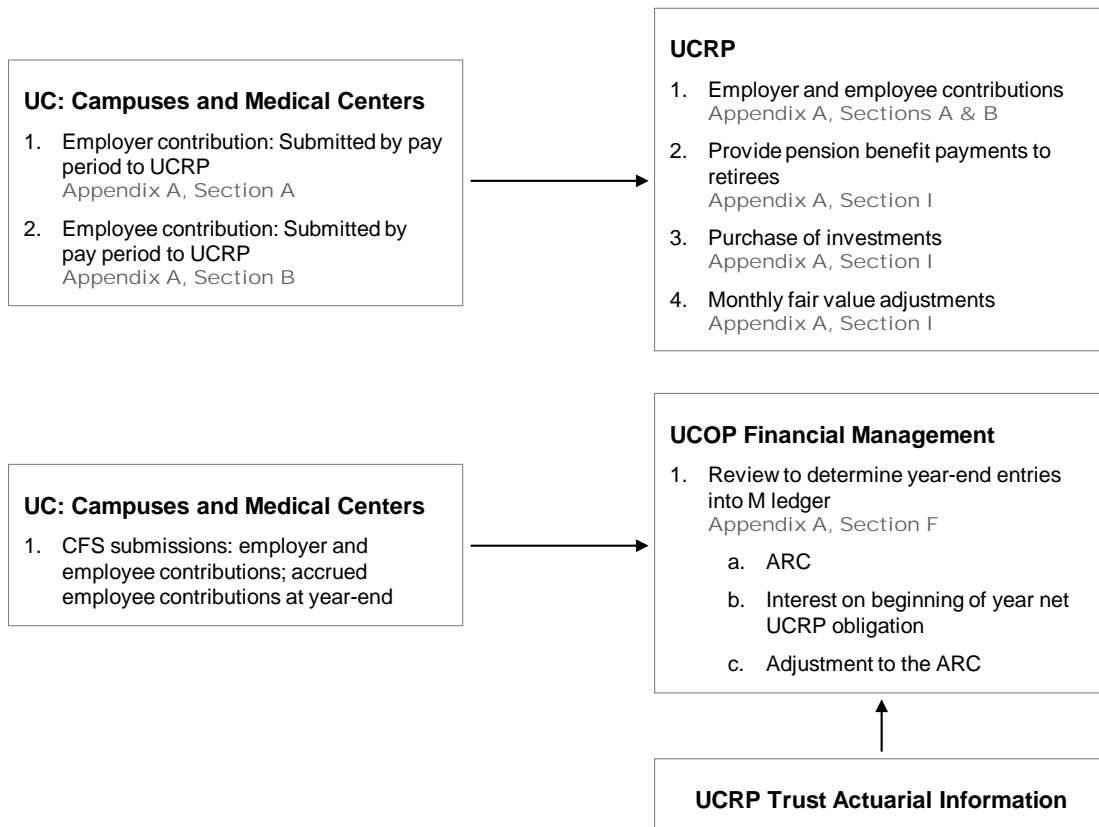


EXHIBIT 3: DOE Laboratories (Direct Contracts)

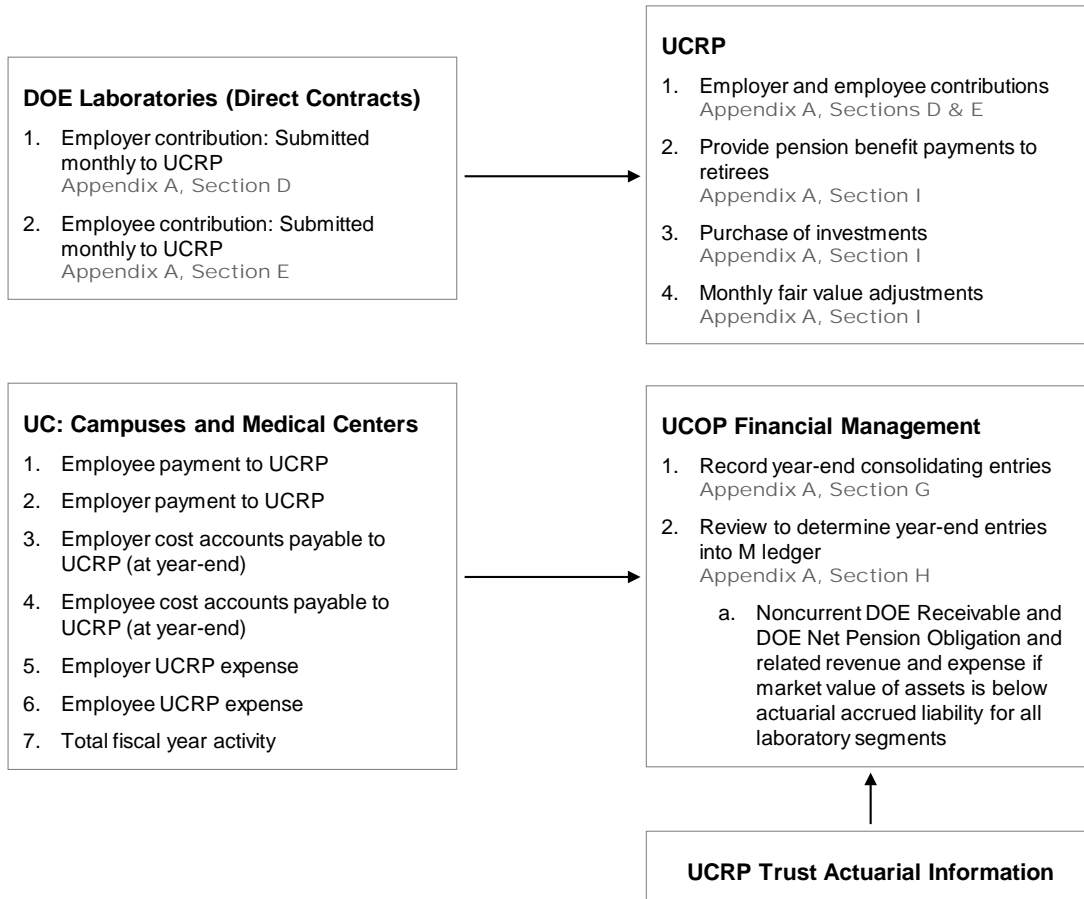
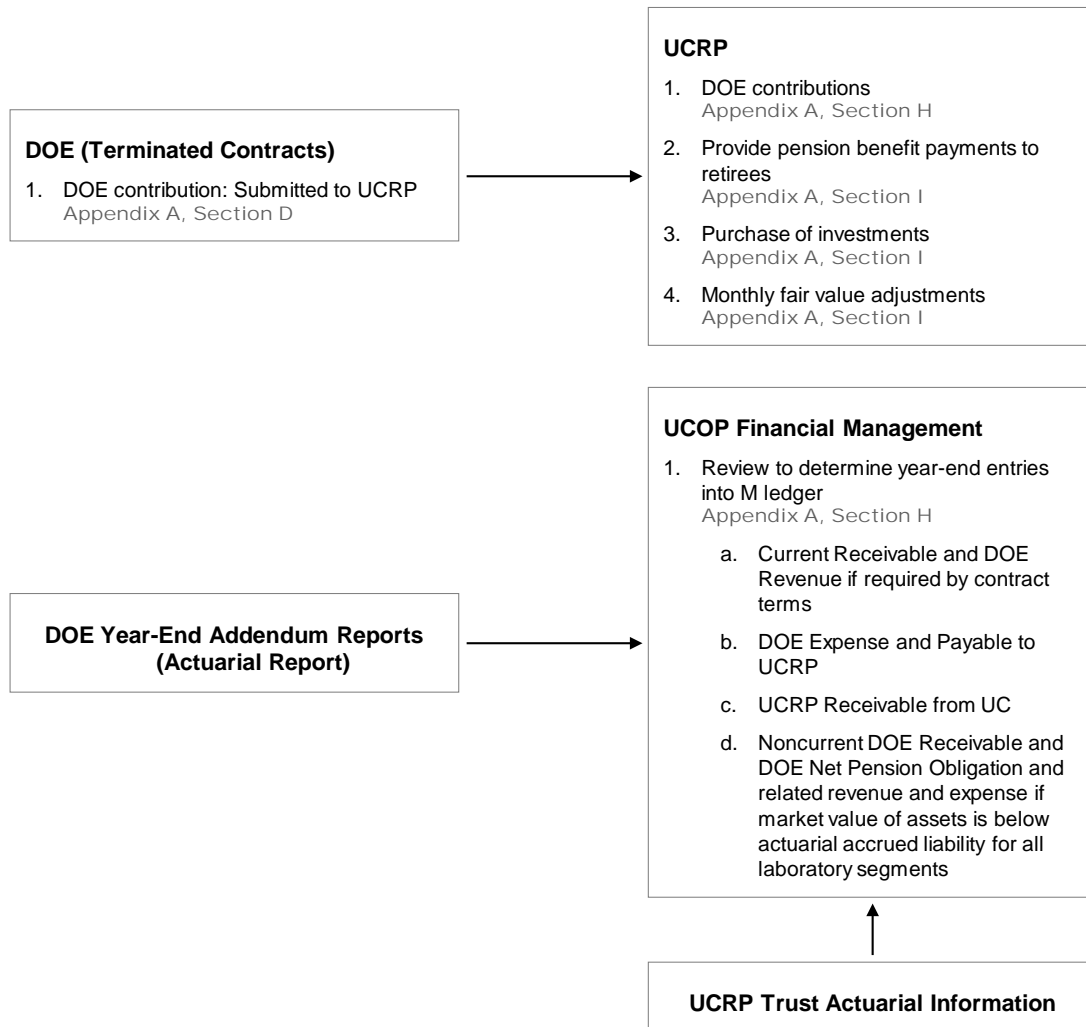


EXHIBIT 4: DOE (Terminated Contracts)



APPENDIX A: ACCOUNTING ENTRIES

Entry No.	Coding	General Ledger	Account Title / Code Title	Responsibility	Frequency	Debit	Credit
A CAMPUS / MEDICAL CENTER EMPLOYER CONTRIBUTIONS TO THE UCRP							
A1			Record employer UCRP assessment to liability via Payroll-UC	Campus Acctg	MO		
DR	OC 8600	C	OE-Employer UCRP Contribution-UC (AGC 300010 through AGC 300130)			1,240,000	
DR	OC 8600	C	OE-Employer UCRP Contribution-UC (AGC 300159)			10,000	
CR	AGC 164271	C	CL-Employer Liability to UCRP-UC				1,250,000
Campuses must ensure that any assessments charged to Agency funds (AGC 300159) are reclassified at year-end to accounts with AGCs 300010 through 300140. Object code 8600 should match AGC 164271.							
A2			Record transfer of employer UCRP assessment to UCRP	Campus Acctg	MO		
DR	AGC 164276	C	CL-Employer Contribution to UCRP-UC			1,250,000	
CR	AGC 168200	C	Financial Control				1,250,000
Annually, after fiscal close, balances in accounts in AGC 164276 must be closed into accounts in AGC 164271. For cash flow purposes, AGC 164276 should reflect contributions to the UCRP transferred in the current year only.							
A3			Record campus employer June UCRP expense as a current liability	Campus Acctg	YE		
DR	OC 8600	C	OE-Employer UCRP Contribution-UC (AGC 300010 through AGC 300130)			124,000	
DR	OC 8600	C	OE-Employer UCRP Contribution-UC (AGC 300159)			1,000	
CR	AGC 164271	C	CL-Employer Liability to UCRP-UC				125,000
A4			UCRP records employer contribution-UC	Campus Acctg HRB Fncl Svcs	MO		
DR	AGC 168200	E	Financial Control			1,250,000	
CR	AGC 160100	E	Cash				1,250,000
DR	AGC 510211	U	Cash			1,250,000	
CR	AGC 515110	U	AD-Employer Contributions-UC				1,250,000
This entry will be made electronically using the process developed for the transfer of STIP balances of UCRP / 403(b) / DCP funds. The entries to cash accounts in the E and U general ledgers are automatically generated by the system to balance the funds.							
A5			Record transfer of June UCRP assessment to UCRP	Campus Acctg HRB Fncl Svcs	YE		
DR	AGC 164276	C	CL-Employer Contribution to UCRP-UC			125,000	
CR	AGC 168200	C	Financial Control				125,000

APPENDIX A: Accounting Entries

Entry No.	Coding	General Ledger	Account Title / Code Title	Responsibility	Frequency	Debit	Credit
A CAMPUS / MEDICAL CENTER EMPLOYER CONTRIBUTIONS TO THE UCRP							
A6	UCRP records employer contribution-UC			Campus Acctg HRB Fncl Svcs	YE		
DR	AGC 168200	E	Financial Control			125,000	
CR	AGC 160100	E	Cash				125,000
DR	AGC 510211	U	Cash			125,000	
CR	AGC 515110	U	AD-Employer Contributions-UC				125,000

This entry will be made electronically using the process developed for the transfer of STIP balances of UCRP / 403(b) / DCP funds. The entries to cash accounts in the E and U general ledgers are automatically generated by the system to balance the funds.

A7	Campus reclassifies Agency expenditures for pension to a UC expenditure account and records the related revenue			Campus Acctg	YE		
DR	OC 1XXX	C	OE-Salaries and Wages			100,000	
DR	OC 8600	C	OE-Employer UCRP Contribution-UC (AGC 300010 through AGC 300130)			11,000	
CR	AGC 208210	C	OR-Other Sources-Other				111,000

Because Agency employees paid through UC payroll are considered UC employees, it is inconsistent if the UC financial statements do not reflect all salary-related costs. Therefore, all costs related to salaries (salaries and employee benefits) will be reclassified from Agency expenditure to UC expenditure, with related revenue also recorded.

Entry No.	Coding	General Ledger	Account Title / Code Title	Responsibility	Frequency	Debit	Credit
B CAMPUS / MEDICAL CENTER EMPLOYEE CONTRIBUTIONS TO THE UCRP							
B1	Record employee UCRP assessment to liability via Payroll-UC			Campus Acctg	MO		
	DR	OC 1XXX	C OE-Salaries and Wages			60,000	
	CR	AGC 164281	C CL-Employee Liability to UCRP-UC				60,000
B2	Record campus employee June UCRP expense as a current liability (to be paid to UCRP in July) (If pay date is June 30, monthly process will be followed.)			Campus Acctg	YE		
	DR	OC 1XXX	C OE-Salaries and Wages			6,000	
	CR	AGC 164281	C CL-Employee Liability to UCRP-UC				6,000
Annually, after fiscal close, balances in accounts in AGC 164276 must be closed into accounts in AGC 164271. For cash flow purposes, AGC 164276 should reflect contributions to the UCRP transferred in the current year only.							
B3	Record transfer of UCRP employee assessment to UCRP			Campus Acctg	MO		
	DR	AGC 164286	C CL-Employee Contribution to UCRP-UC			60,000	
	CR	AGC 168200	C Financial Control				60,000
Annually, after fiscal close, balances in accounts in AGC 164286 must be closed into accounts in AGC 164281. For cash flow purposes, AGC 164286 should reflect contributions to the UCRP transferred in the current year only.							
B4	UCRP records employee contribution-UC			Campus Acctg HRB Fncl Svcs	MO		
	DR	AGC 168200	E Financial Control			60,000	
	CR	AGC 160100	E Cash				60,000
	DR	AGC 510211	U Cash			60,000	
	CR	AGC 515130	U AD-Employee Contributions-Members				60,000
This entry will be made electronically using the process developed for the transfer of STIP balances of UCRP / 403(b) / DCP funds. The entries to cash accounts in the E and U general ledgers are automatically generated by the system to balance the funds.							
B5	UCRP records accounts receivable for June employee contributions from campus; entry will be reversed July 1 (If pay date is June 30, monthly process will be followed and no accounts receivable entry is necessary.)			HRB Fncl Svcs	YE		
	DR	AGC 510611	U A-Accounts Receivable Contributions-Due from UC			6,000	
	CR	AGC 515130	U AD-Employee Contributions-Members				6,000
The balance in AGC 510611 should equal the net of AGC 164281 and AGC 164286 at the campus (employee liability to UCRP not yet paid to UCRP).							

APPENDIX A: Accounting Entries

Entry No.	Coding	General Ledger	Account Title / Code Title	Responsibility	Frequency	Debit	Credit
C HASTINGS COLLEGE OF LAW CONTRIBUTIONS TO THE UCRP							
C1			Hastings remits payment to UCRP	HRB Fncl Svcs	MO		
DR	AGC 510211	U	Cash			30,000	
CR	AGC 515130	U	AD-Employee Contributions-Members				5,000
CR	AGC 515120	U	AD-Employer Contributions-Other				25,000
D DOE LABORATORIES EMPLOYER CONTRIBUTIONS TO THE UCRP (DIRECT CONTRACTS)							
D1			LBNL records employer UCRP assessment to liability via payroll	DOE Lab Acctg	MO		
DR	Employer UCRP Expense	D	Expense-Employer UCRP Contribution-LBNL			60,000	
CR	Liability	D	Employer Liability to UCRP-LBNL				60,000
D2			LBNL remits employer liability payment to the UCRP	DOE Lab Acctg	MO		
DR	Liability	D	Employer Contribution to UCRP-LBNL			55,000	
CR	Cash	D	Cash-LBNL				55,000
D3			UCRP records receipt of contribution-LBNL	HRB Fncl Svcs	MO		
DR	AGC 460211	U	Cash			55,000	
CR	AGC 465120	U	AD-Employer Contributions-Other				55,000
D4			UCRP records accounts receivable for June employer contribution from LBNL (agrees with UC)	HRB Fncl Svcs	YE		
DR	AGC 460612	U	A-Accounts Receivable Contributions-Due from Other			5,000	
CR	AGC 465120	U	AD-Employer Contributions-Other				5,000

Entry No.	Coding	General Ledger	Account Title / Code Title	Responsibility	Frequency	Debit	Credit
E DOE LABORATORIES EMPLOYER CONTRIBUTIONS TO THE UCRP (DIRECT CONTRACTS)							
E1			LBNL records employee UCRP assessment owed to the UCRP	DOE Lab Acctg	MO		
	DR	Employee UCRP Expense	D Expense-Employee UCRP Contribution-LBNL			30,000	
	CR	Liability	D Employee Liability to UCRP-LBNL				30,000
E2			LBNL remits employee UCRP assessment amounts to the UCRP	DOE Lab Acctg	MO		
	DR	Liability	D Employee Contribution to UCRP-LBNL			25,000	
	CR	Cash	D Cash-LBNL				25,000
E3			UCRP records employee contribution-LBNL	HRB Fncl Svcs	MO		
	DR	AGC 460211	U Cash			25,000	
	CR	AGC 465130	U AD-Employee Contributions-Members				25,000
E4			UCRP records accounts receivable for June employee contribution from LBNL (agrees with UC)	HRB Fncl Svcs	YE		
	DR	AGC 460612	U A-Accounts Receivable Contributions-Due from Other			5,000	
	CR	AGC 465130	U AD-Employee Contributions-Members				5,000
F YEAR-END SYSTEMWIDE NET PENSION OBLIGATION ENTRIES							
F1			Record the increment non-laboratory ARC accrual-UC	Corp Acctg	YE		
	DR	OC 8681	O OE-UCRP ARC-Incremental Accrual-UC			1,200,000	
	CR	AGC 165361	O NL-Obligations to UCRP-UC				1,200,000
F2			Record the non-laboratory adjustment to the ARC-UC	Corp Acctg	YE		
	DR	AGC 165361	O NL- Obligations to UCRP-UC			120,000	
	CR	OC 8666	O OE-UCRP ARC Adjustment-UC				120,000
F3			Record the interest on the beginning of the year non-laboratory net UCRP liability (if any)-UC	Corp Acctg	YE		
	DR	OC 8671	O OE-Interest on Beginning of Year Net UCRP Obligation-UC			240,000	
	CR	AGC 165361	O NL- Obligations to UCRP-UC				240,000

If the balance of AGC 165361 after these entries is a debit balance, the total will be reclassified to AGC 160840 and AGC 161975 to reflect a net pension asset rather than a net pension obligation. Analysis will be necessary to determine whether the asset is current (AGC 160840) or noncurrent (AGC 161975).

APPENDIX A: Accounting Entries

Entry No.	Coding	General Ledger	Account Title / Code Title	Responsibility	Frequency	Debit	Credit
G YEAR-END SYSTEMWIDE CONSOLIDATING ENTRIES--DOE LABORATORIES							
G1	Record revenue and expense for LBNL based on year-end reporting package			Corp Acctg	YE		
	DR	OC 7961	O OE-DOE Laboratories Expense-Other-LBNL			506,500	
	DR	OC 8601	O OE-Employer UCRP Contribution-LBNL			60,000	
	DR	OC 8604	O OE-Employee UCRP Contribution-LBNL			30,000	
	DR	OC 3800	O AGC 300155-DOE Indirect Cost Recovery			3,500	
	CR	AGC 203411	O OR-DOE Laboratories-Revenue-LBNL				600,000
Year-end entries will also include expense for Other Post-Employment Benefits as outlined in Accounting Manual Chapter P-196-81.							
G2	Record receivable from DOE and liabilities for LBNL based on year-end reporting package; entry will be reversed July 1			Corp Acctg	YE		
	DR	AGC 160890	O DOE Receivables			10,000	
	CR	AGC 164600	O DOE Laboratories Liabilities				10,000
	DR	AGC 160893	O CA-UCRP DOE Receivable-LBNL			10,000	
	DR	AGC164277	O CL-Employer Contribution to UCRP-LBNL			55,000	
	CR	AGC 164272	O CL-Employer Liability to UCRP-LBNL				60,000
	DR	AGC 164287	O CL-Employee Contribution to UCRP-LBNL			25,000	
	CR	AGC 164282	O CL-Employee Liability to UCRP-LBNL				30,000

Note: The receivable recorded in AGC 160893 includes the amount of the current liability for UCRP which will be remitted to the UCRP in the following month. AGC 160890 includes the amount needed to cover other current liabilities of the Lab, including vendor payments and employee payments. This is not the noncurrent receivable related to any DOE laboratories difference between market value of assets and actuarial accrued liability. Year-end entries will also include expense for OPEB not shown here. See Accounting Manual Chapter P-196-81.

Entry No.	Coding	General Ledger	Account Title / Code Title	Responsibility	Frequency	Debit	Credit
H YEAR-END GASB STATEMENT NO. 27 ENTRIES--DOE LABORATORIES							
H1			Record a receivable and revenue to reflect current amount due from DOE based on contract termination agreements	Corp Acctg	YE		
DR	AGC 160892	O	CA-UCRP DOE Receivable-Terminated Contracts			340,000	
CR	AGC 203431	O	OR-DOE Laboratories-Revenue-UCRP-Terminated Contracts				340,000
H2			Record a payable to UCRP and expense to reflect current amount due based on contract termination agreements	Corp Acctg	YE		
DR	OC 8603	O	OE-Employer UCRP Contribution-Terminated Contracts			340,000	
CR	AGC 164274	O	CL-Employer Liability to UCRP-Terminated Contracts				340,000
<p>Payment to UCRP of funds for terminated contract agreements will be debited to AGC 164279 for cash flow purposes. Annually, after fiscal close, balances in accounts in AGC 164279 must be closed into accounts in AGC 164274. AGC 164279 should reflect contributions to the UCRP transferred in the current year only.</p>							
H3			Record the incremental ARC accrual for combined laboratory segment (recorded in the DOE Laboratory Expense line item)	Corp Acctg	YE		
DR	OC 8682	O	OE-UCRP ARC-Incremental Accrual-DOE Laboratories			200,000	
CR	AGC 165362	O	NL-Obligations to UCRP-DOE Laboratories				200,000
H4			Record the adjustment to ARC for combined laboratory segment (recorded in the DOE Laboratory Expense line item)	Corp Acctg	YE		
DR	AGC 165362	O	NL-Obligations to UCRP-DOE Laboratories			20,000	
CR	OC 8667	O	OE-UCRP ARC Adjustment -DOE Laboratories				20,000
H5			Record the interest on beginning of year net UCRP obligation for combined laboratory segment (recorded in the DOE Laboratory Expense line item)	Corp Acctg	YE		
DR	OC 8672	O	OE-Interest on Beginning of Year Net UCRP Obligation -DOE Laboratories			10,000	
CR	AGC 165362	O	NL-Obligations to UCRP-DOE Laboratories				10,000
H6			Record receivable of the current amount due from DOE based on contract termination agreements (agrees with UC)	Corp Acctg	YE		
DR	AGC XX0612	U	A-Accounts Receivable Contributions-Due from Other			340,000	
CR	AGC XX5120	U	AD-Employer Contributions-Other				340,000

APPENDIX A: Accounting Entries

Entry No.	Coding	General Ledger	Account Title / Code Title	Responsibility	Frequency	Debit	Credit
H YEAR-END GASB STATEMENT NO. 27 ENTRIES--DOE LABORATORIES							
H7			Record noncurrent receivable and revenue for DOE's ongoing legal obligation to provide funding to offset the annual pension cost	Corp Acctg	YE		
	DR	AGC 161811	O NA-UCRP DOE Receivable			190,000	
	CR	AGC 203431	O OR-DOE Laboratories-Revenue-UCRP-Terminated Contracts				190,000
I UCRP TRUST ENTRIES							
I1			Record payments to annuitants	HRB Fncl Svcs	MO		
	DR	AGC 517110	U DE-Benefit Payments-Retirement (UC Segment)			1,260,000	
	CR	AGC 510211	U Cash (UC Segment)				1,260,000
	DR	AGC XX7110	U OE-Benefit Payments-Retirement (DOE Laboratory Segments)			60,000	
	CR	AGC XX0211	U Cash (DOE Laboratory Segments)				60,000
I2			Record member withdrawals	HRB Fncl Svcs	MO		
	DR	AGC 517120	U DE-Benefit Payments-Member Withdrawals (UC Segment)			185,000	
	CR	AGC 510211	U Cash (UC Segment)				185,000
	DR	AGC XX7120	U DE-Benefit Payments-Member Withdrawals (DOE Laboratory Segments)			8,000	
	CR	AGC XX0211	U Cash (DOE Laboratory Segments)				8,000
I3			Record lump sum cashouts	HRB Fncl Svcs	MO		
	DR	AGC 517140	U DE-Benefit Payments-Lump Sum Cashouts (UC Segment)			10,000	
	CR	AGC 510211	U Cash (UC Segment)				10,000
	DR	AGC XX7140	U DE-Benefit Payments-Lump Sum Cashouts (DOE Laboratory Segments)			3,000	
	CR	AGC XX0211	U Cash (DOE Laboratory Segments)				3,000
I4			Record expenses of plan administration	HRB Fncl Svcs	MO		
	DR	AGC 517310	U DE-Expenses-Allocated (UC Segment)			65,000	
	CR	AGC 510211	U Cash (UC Segment)				65,000
	DR	AGC XX7310	U DE-Expenses-Allocated (DOE Laboratory Segments)			5,000	
	CR	AGC XX0211	U Cash (DOE Laboratory Segments)				5,000

Entry No.	Coding	General Ledger	Account Title / Code Title	Responsibility	Frequency	Debit	Credit
I	UCRP TRUST ENTRIES						
15	Record purchase of securities and payment			Corp Acctg	MO		
DR	AGC 510221	U	A-Investments-Securities (UC Segment)			500,000	
CR	AGC 514110	U	L-A/P Investment Purchases (UC Segment)				500,000
DR	AGC 514120	U	L-A/P Investment Purchases-Settlement (UC Segment)			500,000	
CR	AGC 510211	U	Cash (UC Segment)				500,000
DR	AGC XX0221	U	A-Investments-Securities (DOE Laboratory Segments)			80,000	
CR	AGC XX4110	U	L-A/P Investment Purchases (DOE Laboratory Segments)				80,000
DR	AGC XX4120	U	L-A/P Investment Purchases-Settlement (DOE Laboratory Segments)			80,000	
CR	AGC XX0211	U	Cash (DOE Laboratory Segments)				80,000
16	Record sale of securities and receipt of cash			Corp Acctg	MO		
DR	AGC 510631	U	A-A/R-Other-Investment Sales (UC Segment)			400,000	
CR	AGC 510221	U	A-Investments-Securities (UC Segment)				400,000
DR	AGC 510211	U	Cash (UC Segment)			400,000	
CR	AGC 510632	U	A-A/R-Other-Investment Sales-Settlements (UC Segment)				400,000
DR	AGC XX0631	U	A-A/R-Other-Investment Sales (DOE Laboratory Segments)			70,000	
CR	AGC XX0221	U	A-Investments-Securities (DOE Laboratory Segments)				70,000
DR	AGC XX0211	U	Cash (DOE Laboratory Segments)			70,000	
CR	AGC XX0632	U	A-A/R-Other-Investment Sales-Settlements (DOE Laboratory Segments)				70,000
17	Record fair value adjustment to UCRP investments			Corp Acctg	MO		
DR	AGC 510221	U	A-Investments-Securities (UC Segment)			50,000	
CR	AGC 515212	U	AD-Investment Income-Net Appreciation/Depreciation in Fair Value of Investments-Other (UC Segment)				50,000
DR	AGC XX0221	U	A-Investments-Securities (DOE Laboratory Segments)			4,000	
CR	AGC XX5212	U	AD-Investment Income- Net Appreciation/Depreciation in Fair Value of Investments-Other (DOE Laboratory Segments)				4,000

APPENDIX A: Accounting Entries

Note: The following codes are used in this appendix:

General Ledger		Statement of Net Assets	
C	Campus/Medical Center	CA	Current Assets
O	UCOP Location M	NA	Noncurrent Assets
D	DOE Laboratories	CL	Current Liabilities
U	University of California Retirement Plan (UCRP)	NL	Noncurrent Liabilities
T	UC Retiree Health Benefit Trust (UCRHBT)	A	Assets
E	Endowment and Investment General Ledger	L	Liabilities

Statement of Revenues, Expenses and Changes in Net Assets		Accounting Codes	
OR	Operating Revenue	AGC	Account Group Code
OE	Operating Expense	OC	Object Code
NR	Nonoperating Revenue		
AD	Additions (UCRP and UCRHBT)		
DE	Deletions (UCRP and UCRHBT)		

DOE Laboratories		Frequency	
LBNL	Lawrence Berkeley National Laboratory	MO	Monthly
		YE	Year-End June Entry