



February 12, 2016

Mr. David R. Bean  
Director of Research and Technical Activities  
Governmental Accounting Standards Board  
401 Merritt 7  
Norwalk, CT 06856-5116

Project: 34E

Dear Mr. Bean:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments to the Government Accounting Standards Board (GASB) on its December 7, 2015 exposure draft entitled Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73. The FMSB is comprised of 23 members (list attached) with accounting and auditing backgrounds in federal, state and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately.

This proposed Statement would improve guidance regarding practice issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The proposed statement would address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in Actuarial Standards of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The FMSB has reviewed this exposure draft and overall supports the adoption of this proposed standard however FMSB does have a few questions and suggested changes to the exposure draft. We have no issues with the proposed clarification of the "covered payroll" in required supplementary information and for comparability purposes agree that all previously issued schedules which used covered-employee payroll for ratios should be restated.

While the FMSB is in agreement with the clarification of the proper treatment of deviations from the guidance in Actuarial Standards of Practice (ASOP) we believe GASB needs to provide reference to the specific ASOP's. Does deviation refer to all ASOPS or specifically to ASOP 41 section 4.4 "If, in the actuary's professional judgment, the actuary has deviated materially from the guidance set forth in an applicable ASOP, other than as covered under sections 4.2 or 4.3 of this standard, the actuary can still comply with that ASOP by providing an appropriate statement in the actuarial communication with respect to the nature, rationale, and effect of such deviation." We also suggest GASB provide in the



basis of conclusion why GASB felt that a deviation, as allowed in the ASOP, is not acceptable for GASB Statement 67 and Statement 68.

The FMSB agrees with GASB's proposed classification as salaries and wages when an employer "picks up" the required pension contributions of employees. However, there was disagreement amongst the group relating to the additional disclosure. In an effort to reduce the amount of disclosures, some members believed that disclosing the pick-up arrangement is providing unnecessary information about a benefit to the employee(s) for which there is not required disclosure for other employee benefits. Some of our member's governments have had the pick-up benefit for their employees for years of which the readers of the financial statements and the public were aware of the benefit. To require this additional disclosure does not provide a benefit to the users of the financial statements. Other state and local members were concerned about the amount of work necessary to determine the amounts to be disclosed.

We understand that the plan may share some of the burden of determination and presentation but we believe the costs may outweigh the benefits. In many cases the amounts may likely be immaterial. While GASB has presented its case in paragraph B9 that the benefits outweigh the costs to implement the standard, some members of our board pointed out that there are states or local governments with several funds / agencies he pick-up benefits are not consistently applied as it is an annual budgetary decision. In this situation as well as others it would take an enormous amount of resources to obtain the necessary information. We therefore believe requiring this disclosure does not outweigh the benefit to the readers.

We appreciate the opportunity to comment on this document and will be pleased to discuss this letter with you at your convenience. If there are any questions regarding the comments in this letter, please contact me at (208)383-4756 or [Lmiller@eidebailly.com](mailto:Lmiller@eidebailly.com)

Sincerely,

A handwritten signature in black ink that reads "Lealan Miller".

Lealan Miller, CGFM, CPA  
Chair- AGA Financial Management Standards Board

cc: John E. Homan, MBA, CGFM, CPA, CGMA  
AGA National President



Association of Government Accountants  
Financial Management Standards Board

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