

February 12, 2016

David R. Bean, CPA  
Director of Research and Technical Activities  
GASB  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

**Re: December 7, 2015 Exposure Draft of a Proposed Statement of the Governmental Accounting Standards Board, *Pension Issues: An Amendment of GASB Statements No. 67, No. 68, and No. 73* [Project No. 34E]**

Dear Mr. Bean:

The American Institute of CPAs (AICPA) is the world's largest member association representing the accounting profession, with more than 412,000 members in 144 countries, and a history of serving the public interest since 1887. One of the objectives that the Council of the AICPA established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective. These comments, however, do not necessarily reflect the positions of the AICPA.

TIC has reviewed the ED and is providing the following comments for your consideration.

#### **GENERAL COMMENTS**

TIC fully supports the changes proposed in this ED.

#### **SPECIFIC COMMENTS**

#### **Presentation of Payroll-Related Measures in Required Supplementary Information (RSI)**

TIC believes the adoption of covered payroll (as defined) as the measure of payroll to be used for the RSI to be presented in accordance with Statement Nos. 67 and 68 will be a very favorable change for state and local governmental entities. TIC agrees with the Board's view in paragraph B3 of the Basis for Conclusions that the covered payroll amount will be easier for governments to obtain from their actuaries.

Paragraph 10 of the ED requires governments to apply the change retroactively, if practical. Often, retroactive application is problematic for many governments. However, in this case, it may not be difficult to obtain the information for two prior years, since governments would only be in their third year of implementation of GASB Statement Nos. 67, 68 and 73 when this new standard becomes effective.

### **Selection of Assumptions**

The ED clarifies that a deviation from the guidance in an Actuarial Standard of Practice as set forth by the Actuarial Standards Board is not considered to be in conformity with the requirements of Statement Nos. 67, 68, or 73 for the selection of assumptions in determining the total pension liability. TIC believes it makes sense to adopt this change to ensure consistency with the OPEB standards. TIC's governmental members have not had any clients where such deviations occurred.

### **Classification of Employer-Paid Member Contributions**

TIC also supports this change since (1) it results in a more simplified methodology for recording employer-paid member contributions; (2) it results in consistency across governments; and (3) governments that participate in cost sharing plans and that happen to pick up the employees' contributions should not have to record a larger share of the net pension liability simply for that reason.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Michael A. Westervelt". The signature is written in a cursive, slightly slanted style.

Michael A. Westervelt, Chair  
PCPS Technical Issues Committee  
cc: PCPS Executive and Technical Issues Committees