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Individual Commentary

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Proposed Statement of the Governmental Accounting Standards Board Financial Reporting for Pension Plans an amendment of GASB Statement No. 27

I'm Denise Juvenal this is pleased to have the opportunity to comment on this consultation, Proposed Statement of the Governmental Accounting Standards Board Financial Reporting for Pension Plans an amendment of GASB Statement No. 27 this is my individual commentary for Governmental Accounting Standards Board GASB.

I agree with this proposal and understand that is very important development this proposal statement to improve financial reporting by state and local government pension plans.

In relation objective described in the summary in this proposal the most important is to improve accounting and financial reporting by state and local governments whose employees are provided with pensions for result of a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions. definition of pension plan that reflects the primary activities of a fund that is used to provide pensions—the accumulation and management of assets dedicated for pensions and the payment of pensions to plan members as the benefits come due (pg v).

For this, the methods and assumptions that would be used to project pension payments, discount projected payments to their present values, and attribute those present values to periods of employee service, as Employers are classified in one of the following categories as for example: Single employers, Agent employers and Cost-sharing employers (pg vi).

The proposal included definitions of elements so Defined Benefit Pensions that included Single and Agent Employer Liabilities to Employees for Defined Benefit Pensions, Selection of Assumptions, Projections of Benefit Payments, Discount Rate, and Attribution Method for consideration of Conceptual Framework is very important described these information for attended high quality of standards, transparency of costs and effectiveness of government.

Other aspect and more relevance is relation a Measurement of Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, I agree and understand the importance for elaborated, but I have doubt in relation will be internal control and the audit services for government.

I think that used in the financial statements used fair value is very complexity, but new and considering very important, but I observed that the use of valuation for financial statements is more applied, in my observation, in the budget for make analysis of process, I don't know.

I think that for discount rate is very important clear in relation a control in your used, principally in relation a taxes or index when need to calculate something for projects. The used of notes in this case is a detailed that transparency and understanding as described in the pages 111-151 in the examples.

The point A56 of IFAC-IAASB described in relation of "The application of the requirements of the applicable financial reporting framework requires management to consider changes in the environment or circumstances that affect the entity. For example, the introduction of an active market for a particular class of asset or liability may indicate that the use of discounted cash flows to estimate the fair value of such asset or liability is no longer appropriate"¹. I have difficult in this aspect, because the government systems is different, principally in relation a projects of public sector, if will be obtain the control and transparency in results in local, state and if consolidated federal statements.

Thank you for opportunity for comments this proposal, if you have questions don't hesitate contact to me, rio1042370@terra.com.br.

Best Regards,

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¹HANDBOOK OF INTERNATIONAL QUALITY CONTROL, AUDITING, REVIEW, OTHER ASSURANCE, AND RELATED SERVICES PRONOUNCEMENTS 2010 EDITION International Federation of Accountants Part 1