

Leaders at the Core of Better Communities

October 13, 2011

Director of Research and Technical Activities Governmental Accounting Standards Board Project No. 34

Via email: director@gasb.org

ICMA is providing comments on the proposed revisions to GASB Statements 25 and 27 on behalf of our 9,000 members, the appointed chief executives in cities and counties. While we are supportive of some of the proposed changes, particularly those that promote greater transparency and consistency, we have serious concerns about two issues:

- 1. Removing the reporting of the annual required contribution (ARC) as part of the pension accounting standards. The ARC has real meaning for policy makers and gives citizens information they can understand as to whether or not governmental pension plans are on track to fund their pension obligations.
- 2. The introduction of a new figure, a net pension liability, poses challenges to governments to calculate and is likely to be confusing and expensive to implement. We are just beginning to hear reports from field tests, which indicate that the accounting figure is being confused with funded status in media reports. There is particular confusion around how liabilities are being assigned to local governments that are part of multi-employer plans.

Given the significance of the above issues, we are very concerned about the implementation challenges ahead, should GASB move forward with its plan to separate pension accounting from funding.

We appreciate your consideration of these comments.

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Sincerely,

Robert J. O'Neill, Jr.

Executive Director

