

## STATE OF MICHIGAN OFFICE OF THE AUDITOR GENERAL 201 N. WASHINGTON SQUARE LANSING, MICHIGAN 48913 (517) 334-8050 FAX (517) 334-8079

Letter of Comment No. 9 File Reference: 25-20E Date Received: 8/26/13

THOMAS H. MCTAVISH, C.P.A. AUDITOR GENERAL

August 23, 2013

Mr. David R. Bean
Director of Research and Technical Activities, Project No. 25-20
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Bean:

We have read the Governmental Accounting Standards Board's (Board) Exposure Draft (ED) of a proposed statement titled *Pension Transition for Contributions Made Subsequent to the Measurement Date* and agree with the Board that an amendment to Statement No. 68 is warranted to prevent some governments from significantly understating the entity's beginning net position and pension expense in the initial period of implementation. Our only concern relates to Appendix C (paragraph 14) regarding the codification instructions. This paragraph states that since this statement only addresses transition provisions it will not be incorporated into the authoritative sections of the Codification of Governmental Accounting and Financial Reporting Standards. Our interpretation of paragraph 3 which instructs governments to recognize a deferred outflow of resources only for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability and before the start of the employer's fiscal year constitutes authoritative guidance to governments and their auditors such that it should be placed in the authoritative section of the Codification of Governmental Accounting and Reporting Standards.

We appreciate the opportunity to provide feedback on this exposure draft. If you have any questions regarding our comments, please contact me or Craig M. Murray, C.P.A., Director of Professional Practice.

Sincerely,

Thomas H. McTavish, C.P.A.

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Auditor General

Via e-mail