



# COMMONWEALTH of VIRGINIA

*Auditor of Public Accounts*

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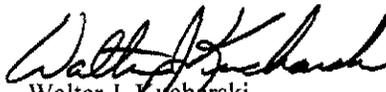
To Whom It May Concern:

We appreciate the opportunity to comment on the proposed Statement of the Governmental Accounting Standards Board: *Accounting and Financial Reporting for Pensions*. In general, we agree with the proposed amendments to GASB Statement No. 27. However, below we include some general comments and questions on the exposure draft.

- The special funding situations described in paragraph 12, indicate the nonemployer contributing entity is legally responsible for contributions to a pension plan. We recommend the Board include additional explanation or definition for "legally responsible." For instance, does legal responsibility require a legal agreement, historic tradition, or annual appropriation? We believe additional explanation will minimize confusion on the applicability of this requirement.
- Paragraph 15 indicates the primary government and its component units should account for and report their participation in the same plan as if they are cost-sharing employers when presenting information in their stand-alone financial statements. We believe the cost-sharing employer reporting requirements in paragraphs 44-71 create a burden on the pension plan to provide this detailed information to the multiple component units. Also, the pension information reported by the component units will be redundant to that reported by the primary government. We recommend the Board revise the standard to allow the component unit to reference the disclosures in the primary government's annual financial report.
- We believe the implementation effective date criteria in paragraph 107 are very confusing. We believe all plans need sufficient time to coordinate and provide information to their participating employer(s). Also, there will be disparity and confusion in reporting if the effective date for a component unit is different than the primary government within the same financial report. We recommend the Board have one effective date for all employers.

We appreciate the efforts of the Board and the opportunity to provide our comments. Should you have any questions or need additional information concerning our response, please contact me or Staci Henshaw at (804) 225-3350.

Sincerely,

  
Walter J. Kucharski  
Auditor of Public Accounts