

MONTEREY COUNTY

AUDITOR - CONTROLLER

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September 15, 2011

Director of Research and Technical Activities
Project No. 34-E
Governmental Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116
Email Delivery: director@gasb.org

RE: Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27

I appreciate the opportunity to respond to the above-referenced exposure draft in my capacity as Chair to the Accounting Standards Committee of the California State Association of County Auditors.

We previously responded to the *Pension Accounting and Financial Reporting by Employers – Preliminary Views*. At this time, we would like to submit two comments on the current *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27 - Exposure Draft*.

Our first comment is in regard to Timing and Frequency of Measurement:

Paragraph 18 - *Timing and Frequency of Measurement*, states that measurement of the total pension liability should be measured as of the end of the employer's reporting period and that this can be determined by (a) an actuarial valuation as of that date or (b) the use of update procedures to roll forward amounts. If significant changes occur between the actuarial valuation date and the employer's year-end, professional judgment should be used to determine the extent of procedures needed to roll forward the measurement. Consideration should be given to whether a new actuarial valuation is needed.

We are concerned that the update procedures necessary to roll forward amounts or more likely, the need for an actuarial valuation as of the end of the employer's reporting period, could significantly delay the issuance of the financial statements of the entity. Many public entities issue their financial statements in a timely manner and waiting for an actuarial report (the timing of which is outside of the control of the employer entity and in our experience is at times issued 6 to 9 months after the fiscal year-end) could cause a significant delay in, and potentially increase the costs of, issuing the financial statements of the employer entity.

We recommend the updated actuarial valuation be deleted as a requirement. We believe there is usually little short term change in the long term pension liability and therefore the amounts reported from the last

valuation date should be sufficient to provide the reader with accurate information. If the financial statements of the entity are delayed up to 6 months it defeats the purpose of the updated valuation.

Our second comment is to suggest the GASB create a focus group or work with various groups and organizations to educate reporters, the public, and policy-makers on the Plain Language Supplement. The concerns we have heard are that the net assets of entities will overnight go from a position of positive net assets to a position of negative net assets. This change will likely cause public alarm in an already unstable financial environment. Please consider ample time for education and public comment prior to implementation.

Thank you for the opportunity to provide GASB our comments. If you have any questions, please contact me at (831) 755-5040.

Sincerely,

A handwritten signature in black ink that reads "Michael J. Miller". The signature is written in a cursive style with a large, prominent initial "M".

Michael J. Miller
Auditor-Controller, Monterey County
Chair, Accounting Standards Committee
California State Association of County Auditors