

September 28, 2011

Director of Research and Technical Activities  
director@gasb.org  
Project No. 34-E

Re: Exposure Draft on Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27

Comments submitted by: Accounting and Auditing Standards Committee—Society of Louisiana Certified Public Accountants

We would like to offer the following specific comments with regards to this exposure draft:

- We agree with the concept that governments should recognize the net pension liability in their financial statements. This will increase transparency in governmental reporting and would make governments cognizant of the reality as it relates to their pension plans. This reality check would allow decision makers in governments to make more informed decisions concerning pension plans.
- Putting the liability on the balance sheet instead of buried in the note disclosures allows end users of the financial statements to be aware of the potential liabilities of pension plans and the future impacts these liabilities could have on the entity.
- Concerning discounting projected benefit payments we felt that there was not enough guidance in the exposure draft for us to determine how to calculate the rate of return on plan assets that will not be sufficient to cover future projected benefits.
- We agree that all assumptions used in projecting benefit payments would conform to Actuarial Standards of Practice, unless otherwise stated by the GASB.
- There was some disagreement about allowing an entity to use ad hoc cost of living adjustments and other ad hoc postemployment benefit changes. We feel that automatic cost of living increases based on consistent noted indexes would provide a more constant valuation of projecting benefit payments across all plans.
- We agree with the GASB's proposals regarding when the factors that affect pension expense should be incorporated into the calculation of annual pension expense. We feel that if all plans use the same methods, this would result in a consistency in reporting.
- With regards to note disclosures and required supplementary information:
  1. We had a member would felt that as a Business Affairs Director of a large school system, the last thing I need is more required disclosures.

2. For the sensitivity analysis that shows the effect on the net pension liability we feel that this should be expanded from the one percentage point and one percentage point decrease to include three and five percentage points analysis. Showing more than one analysis would give more understanding into the magnitude of economic changes on the liability.
3. We feel that the ten year required supplementary information schedules that the exposure draft is requiring may be excessive and not be beneficial to all end users of the financial statements. Three and five year schedules may be more user favorable.
  - We agree with the GASB's proposed treatment of an unconditional special funding situation because we feel that showing the liability on the non employer entity's books that is legally responsible for contributing to the plan would encourage transparency with regards to the arrangement.

Sincerely,

Barbara A. Watts, Chairman

Society of Louisiana CPAs Accounting and Auditing Standards Committee