

McSwain Union Elementary School District

Office of the Superintendent



STAN W. MOLLART
District Superintendent

September 29, 2011

Governmental Accounting Standards Board
PO Box 5166
Norwalk, CN 06856-5116

Subject: Response to GASB Exposure Draft for Amendments to Statements No. 25 and 27

To Whom It May Concern:

As Superintendent of the McSwain Union Elementary School District, a small rural school district located in Merced County, I was just made aware of the Proposed Amendments to GASB Statements No. 25 and 27. I am writing today to express my concern for the draft's net pension liabilities provisions. This amendment would require LEA's to recognize on their balance sheets each employer's proportional share of the CalSTRS pension plan's total pension liability. This is grossly unfair to LEA's as we do neither grant nor negotiate pension benefits to employees in the way that local governments do. The State of California through legislative action coupled with the governing bodies of CalPERS and CalSTRS set the pension benefits, therefore the liability to fund the systems rests totally with the State of California.

Forcing districts to show large pension liabilities on our books would negatively impact our access to short and long term borrowing, giving the impression that the local school is in financial distress. With all the cash deferrals created by the legislature in recent years we are forced to depend on short term borrowing to meet our monthly cash flow requirements. This shift would only force the cost of borrowing even higher in future months.

Finally reporting public pension liabilities at the LEA level will cause some members of the public to think the pension funding issue is much smaller in size than it really is.

I urge you to re-evaluate the actual or perceived need and the underlying political motivation for this portion of these proposed revisions and to eliminate them from the draft going forward. Thank you for your consideration of my concerns.

Sincerely,



Stan Mollart
Superintendent