

I would suggest that this pension fund is very similar to the social security system. Neither FASB nor GASB has proposed that every employer in the country recognize their unfunded portion of social security.

- 2) The proposal attempts to create a liability where no legal liability exists. This would be a first in my career that we book a liability that is not supported by law or contract. If one wants to make a case that there is an implied contract, then that contract would be between employee and PERA, not with the employers.
- 3) The proposal requires different assumptions on future earnings and mandates a 20 year tax exempt bond rate. It at a minimum should be a taxable rate, but should also include an equity return component consistent with what a typical investment pool would look like. If finding an index that is suitable is too difficult, maybe GASB should just be silent on the return question.
- 4) In our case, PERA has a June year end while the county has a December year end. This will create a difficult issue for auditors. GASB will need to identify a solution to this issue or many entities will end up having qualified audit opinions. This outcome will be neither helpful nor informative to the readers of financial reports.
- 5) Today, PERA generates one actuarial calculation, but in future will need to create one for each employer due to differing demographics. Has any one thought about who is going to do this work. Are there enough actuaries to complete this huge increase in workload?

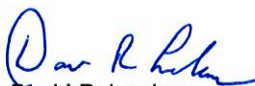
While I recognize that there is a significant pension problem in some governmental units, this proposal does nothing to fix these problems. It only adds confusion to these public policy issues and our financial statements will become less understood.

It is time for GASB to take a longer look at this topic and propose standards that are based upon our legal obligations and less upon who GASB presumes will pay.

I look forward to seeing some significant revisions to this proposal.

Please feel free to contact me if you would like further clarification on my comments.

Sincerely,



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