

CITY OF RED BLUFF



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October 14, 2011

Director of Research and Technical Activities

Project No. 34E

Governmental Accounting Standards Board

401 Merritt 7

Norwalk, CT 06856-5116

RE: Pension Accounting and Financial Reporting

As Finance Director for the City of Red Bluff, I appreciate the opportunity to respond to the proposed Pension Accounting and Financial Reporting Draft.

I do not agree with the idea that an entity's total Unfunded Actuarial Accrued Liability (UAAL) should be presented on the face of the balance sheet. The balance sheet is for actual and verifiable information. The UAAL is not an actual or verifiable amount. Events can result in significant fluctuations of the UAAL, and there are a many factors that can vary widely in the UAAL, such as demographic factors, discount rates, and employee versus employer contributions. Pension agreements are unique to each entity. Benefits and funding can vary within an entity due to employee bargaining units. Liabilities that cannot be measured with certainty are always disclosed in the notes to the financial statements.

Users of government entity financial statements already understand the Pension Accounting issue, and current disclosures in the notes are sufficient for their needs. We should not further confuse the financial statements by adding a pension cost to the financials that is an ongoing, fluctuating cost that changes every day, and will never end. This liability is better off disclosed in the notes to the financial statements, and based on actuarial estimates, not Governmental Accounting Standards Board rulings.

Sincerely,

Sandra M. Ryan, CPA

Finance Director

City of Red Bluff