



# El Dorado County Office of Education

October 10, 2011

Governmental Accounting Standards Board  
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**Vicki L. Barber, Ed.D.**  
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**County Board of Education**

*Dolores Garcia  
John Lane  
Matt Boyer  
Gene Rasmussen  
Heidi Weiland*

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

**To Whom It May Concern:**

The El Dorado County Office of Education (EDCOE) opposes the proposed transfer of the California State Teachers' Retirement System (CalSTRS) pension unfunded obligation from the State of California's financial statements to the Local Education Agencies (LEA) financial statements.

The provisions in the exposure draft concerning net pension liabilities include the requirement that LEA employers recognize on their balance sheets each employer's proportional share of the CalSTRS pension plan's total pension liability. The proposed transfer from the state's balance sheets to LEA balance sheets will increase the assumed debt of school districts. The effect of that larger debt will be to increase the cost of borrowing for schools at a time when they cannot afford new costs. This is particularly troubling when the need to borrow is greater because the state is deferring more than \$9 billion in annual payments to local school districts.

The State of California is the plan sponsor for CalSTRS. EDCOE believes that the plan sponsor which makes the contribution and benefit determinations should be responsible for the financial outcomes and results of those decisions. We believe the proper accounting standard is that the responsible plan sponsor should reflect the outcome of their decisions on their balance sheets, rather than transfer the results of their decisions. The proper affixing of fiscal responsibility to the appropriate political entity is an important governmental accounting principle. That principle should be maintained and emphasized in the development of any changes to Statements 25 and 27. That principle would be violated if the LEAs balance sheets are required to include debts over which they have no control.

We urge the Governmental Accounting Standards Board to reject the proposed transfer of the CalSTRS pension obligation from the states to local school districts.

Thank you for your consideration.

Sincerely,

Vicki L. Barber, Ed.D., County Superintendent  
El Dorado County Office of Education

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