October 12, 2011

Mr. David R. Bean
Director of Research and Technical Activities, Project No. 34-P
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Bean:

We have read the Governmental Accounting Standards Board’s (Board) Exposure Draft (ED) of a proposed statement titled Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25 and generally agree with its provisions. We do, however, have the following concerns that we hope you will consider when drafting the final standard.

The State of Michigan currently has three retirement plans that are closed to new members, therefore we request that the disclosure required in paragraph 32 regarding the net pension liability of the employer as a percentage of covered-employee payroll be waived once a plan is closed to new employees. As the number of covered employees in the plan decreases each year, decreasing the employee payroll amounts over time, this percentage rises and misinforms the user regarding the true magnitude of the net pension liability and should not be used as a basis for comparison with other plans.

We encourage the Board to simplify the effective date requirements by having a single effective date. We suggest the new standard be applicable for periods beginning after June 15, 2013 with earlier application encouraged.

We appreciate the opportunity to provide feedback on this exposure draft. If you have any questions regarding our comments, please contact me or Craig M. Murray, C.P.A., Director of Professional Practice.

AUDITOR GENERAL

Via e-mail