Good afternoon Dave,

We are pleased to provide comments on the Governmental Accounting Standards Board’s (GASB’s) Exposure Draft (ED) titled Omnibus 201X, issued on September 13, 2016.

We are in general support of the majority of the practice issues in this ED but have specific comments for consideration related to postemployment benefits.

**Timing of the Measurement of Pension and OPEB Liabilities and Expenditures Recognized in Financial Statements Prepared using the Current Financial Resources Measurement Focus (paragraph 8)**

This paragraph will require governments to report a pension liability and an OPEB liability in the modified accrual financial statements for amounts payable to the plans as of the end of the reporting period. Currently in the Commonwealth of Pennsylvania (Commonwealth), these liabilities are reported using other classifications such as due to a fiduciary fund or accounts payable. Is it the intent of this proposed accounting standard to now require these liabilities be classified on the Governmental Funds Balance Sheet specifically as a pension liability or OPEB liability? Or, is it intended that this proposed standard only clarifies what amounts should be reported, and that we can continue to classify these amounts as due to fiduciary fund or accounts payable as we currently do? We are not convinced that separately classifying these amounts as pension or OPEB liabilities provides a significant benefit to our reader. Please consider adding clarification on paragraph 8.

Additionally this paragraph will require untrusted defined benefit pension and OPEB plans to recognize administrative costs as a component of the pension or OPEB liability. For our untrusted plans these amounts are not currently measured or provided. We believe that the additional costs to obtain this information outweighs the benefits of recognizing these costs as a component of the pension or OPEB liability.

**Presentation of Payroll-Related Measures in Required Supplementary Information by OPEB Plans and Employers That Provide OPEB (paragraphs 13 and 14)**

The proposed changes related to the presentation of payroll-related measures in required supplementary information (RSI) by OPEB plans and employers will not make the reporting of RSI for OPEB plans and their participating employers consistent with the reporting requirements of pension plans and their participating employers.

- OPEB Plans administered through a trust where contributions are not based on a measure of pay, would not report payroll (Omnibus 201X ED), whereas all pension plans administered through a trust would report covered payroll (Statement No. 82).

- Employers that provide OPEB through OPEB plans administered through a trust where contributions are not based on a measure of pay would report covered-employee payroll
(Omnibus 201X ED), whereas they would report covered payroll for all pension plans administered through a trust (Statement No. 82).

Additionally we have concerns about the comparability and therefore usefulness of RSI data that would be reported among various OPEB plans and participating employers. For the Commonwealth, since we will report both the plan and the employer OPEB information in our CAFR, we believe a consistency in approach is required. Under the current proposed guidance, since our contributions are not based on a measure of pay, we would report nothing for the plan, and we would report covered employee payroll for the employer. Our recommendation, in order to achieve consistency for RSI reporting related to OPEB for entities that report both plan and employer information, would be for both the plan and the employer to report covered employee payroll.

We appreciate the opportunity to comment on this document and hope you find our comments helpful. Please contact Michael Burns 8 at mburns@pa.gov or me at akiehl@pa.gov if you have any questions.

Warm regards,

Anna Maria Kiehl
State Comptroller/Chief Accounting Officer
Pennsylvania Office of the Budget | Office of Comptroller Operations
555 Walnut St., 9th Floor | Harrisburg PA 17101
Phone: 717.787.6497 | Fax: 717.787.3376
www.budget.pa.gov