November 5, 2015

David R. Bean, Director of Research and Technical Activities
Governmental Accounting Standards Board
Project No. 34-3E
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Exposure Draft – Accounting and Financial Reporting for Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, Project No. 34-3E

Dear Mr. Bean:

The following is the response of the Government Accounting and Auditing Committee of the Washington Society of Certified Public Accountants (WSCPA). The views expressed are the views of the Committee and not necessarily the views of the individual members or the WSCPA as a whole. We are pleased to have the opportunity to respond to the Governmental Accounting Standards Board’s (GASB) Exposure Draft (ED), Accounting and Financial Reporting for Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.

We support the mission of GASB, to establish and improve standards of state and local governmental accounting and financial reporting.

Overview of Our Response:

We generally support this ED to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue relates to pensions provided through certain multiple-employer defined benefit pension plans and state or local governmental employers whose employees are provided with such pensions. However, we are concerned certain provisions related to notes disclosure could be burdensome for preparers, especially those with a large number of multiple-employer defined benefit pension plans.
Specific ED Comments:

For some governmental entities, one government may have many multiple-employer defined benefit pension plans, as much as sixteen plans, in any given reporting period.

Since the accounting treatment and notes disclosure of pensions provided through certain multiple-employer defined benefit pension plans is very similar to the accounting treatment and notes disclosure of the defined contribution plans, we recommend the required supplementary information (RSI) for the multiple-employer defined benefit pension plans (paragraph 8 and 9) to be removed as defined contribution plans do not require a ten-year RSI data.

For paragraph 7d(3), the required contribution rates of the employer and its employees were determined through negotiation of collective bargaining agreement. Hence, each governmental and/or non-governmental entity may have a different negotiated rate under the same multiple-employer defined benefit pension plan. While the negotiator at the bargaining table can always obtain the governmental entity’s information via public disclosure, this may lessen the government’s competitive edge in its negotiation to have the negotiated rates disclosed in the footnote. We suggest to disclose the plan’s contribution rates, not the employer’s contribution rates, as it disclosed in its financial statements available to the public, generally this would be a range $X per hour to $Y per hour based on the collective bargaining agreements.

Thank you for the opportunity to respond. If you have any questions or need additional information regarding this response, please contact Lisa Lam at (206) 787-4334.

Sincerely,

SENT VIA E-MAIL to director@gasb.org

Olga Darlington, Chair
Government Accounting and Auditing Committee
Washington Society of Certified Public Accountants