



Virginia Government Finance Officers' Association
'Developing Governmental and Financial Leaders'

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Director of Research and Technical Activities – Project No. 25-20
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Subject: Response to Exposure Draft: Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68

Dear Mr. Chairman and Members of the Board,

The Virginia Government Finance Officers' Association (VGFOA) appreciates the opportunity to work with the Governmental Accounting Standards Board (GASB) in the due process of improving accounting and financial reporting standards for pension transition for contributions made subsequent to the measurement date.

GASB's proposed changes in this exposure draft will likely provide some relief to the overall net position in the government-wide statements at transition, since the amount of subsequent payments will likely be known even if other deferred inflows or outflows may not be able to be determined at transition. While the definition of deferred outflow (consumption of net assets applicable to a future period) can be applied to these payments after the measurement date, these subsequent payments would be better understood by financial statement users, not just in transition, but going forward as well, if they were allowed to be offset against the net pension liability in the same section of the Statement of Net Position. Alternatively, these subsequent payments could be classified as a Prepaid Pension Contribution in the Asset section of the Statement of Net Position, rather than as a deferred outflow. Accordingly, allowing for the Prepaid Pension Contribution to be broken out and identified in this manner would help the users of the locality's financial statements to better understand that the actuarial determined contributions are funded, and would be further supported by the applicable footnote disclosure(s). These subsequent payments presented in the financial statements could be viewed as payment toward the Net Pension liability, (reported at an amount

measured at the beginning or during the fiscal period) in advance of the next actuarial valuation or measurement date and calculation of the Annual Required Contribution.

The VGFOA appreciates the opportunity to comment on this Exposure Draft and to work with the GASB for improving financial recording and reporting for governmental entities. Thank you for your consideration.



Charles Ramsay
VGFOA President