

FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

325 WEST COLLEGE AVENUE ◆ P.O. BOX 5437 ◆ TALLAHASSEE, FLORIDA 32314 TELEPHONE (850) 224-2727 ◆ FAX (850) 222-8190

May 16, 2006



LETTER OF COMMENT NO. 59

Technical Director, File Reference No. 1025-300 Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Via email: director@fasb.org

RE: FASB Exposure Draft - Proposed Statement of Financial Accounting Standards, Employers' Accounting for Defined Benefit Pension and Other Postretirement Benefits, an amendment of FASB Statements No. 87, 88, 106, and 132(R)

Dear Technical Director:

The Accounting Principles and Auditing Standards Committee of the Florida Institute of Certified Public Accountants (the Committee) has reviewed and discussed the above referenced Exposure Draft. With regards to the request for comments on the specific issues discussed therein, the Committee respectfully shares the following views and concerns:

- ➤ Issue 1: The Committee agrees that implementation of this proposed Statement would not require information that is not already available and therefore the costs of implementation would not be significant. The Committee expresses concern, however, that there is the potential for increased costs that may result from the timing issues inherent in its implementation. Specifically, the Committee acknowledges that, arguably, more than any other balance sheet item, the auditor would be reliant on outside professionals namely, actuaries for information which, if not received timely, could present problems.
- Issue 2: While the Committee cannot argue with the logic which forms the basis for the Board's conclusions for requiring that plan assets and benefit obligations be recognized as of the date of the employer's statement of financial position, the Committee also cannot dismiss the original logic behind the inclusion of provisions in Statements 87 and 106 that permit measurement as of a date not more than three months prior. Indeed, it would seem that the drafters of these provisions also expressed concerns regarding the potential for timing problems.

Financial Accounting Standards Board May 16, 2006 Page 2 of 2

➤ Issue 3(a): The Committee believes that the Board should provide an impracticability exemption related to the assessment of the realizability of deferred tax assets <u>only</u> in the first year of implementation when attempts to retrieve information from the actuary for the prior period have proven unsuccessful.

\triangleright Issue 3(b):

- The Committee believes that, because of the shift in focus from the notes to the financial statements to the forefront (i.e., the statement of financial position itself), adoption of this proposed Statement in its entirety would have a significant impact on all types of contractual arrangements, including executive employment compensation contracts, as well as supply contracts that require specific financial ratios to keep those contracts in place.
- o The Committee believes that the economic status of postretirement benefits that is presently included in note disclosures is presently neither affected by, nor even given consideration in, the examples noted in the exposure draft.
- o Moreover, the Committee does not believe that the effects of the current requirement in Statement 87 to recognize a minimum pension liability were ever adequately addressed for any contractual arrangement including the examples given and was under the impression that a primary focus of this proposed Statement was to address this issue.
- ➤ Issue 4: The Committee does not believe that there are any specific impediments to implementation other than as previously discussed in Issue 1 above that would make the proposed effective date impracticable for a public entity.
- ➤ Issue 5: The Committee agrees that appropriate guidance is given in this proposed Statement to employers who do not report other comprehensive income in accordance with the provisions of FASB Statement No. 130, Reporting Comprehensive Income.

The Committee appreciates this opportunity to share our views and concerns. Members of the Committee are available to discuss any questions you may have regarding this communication.

Sincerely,

Richard G. Edsall, CPA

Richard G. Edsall, CPA, Chairman FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

Steven Bierbrunner, CPA, CFP

F. Martin Norman, CPA