November 7, 2016

Via electronic mail
Governmental Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

RE: Project 37E

On behalf of the Pennsylvania Institute of Certified Public Accountants (PICPA) and its Committee on Local Government Accounting and Auditing, thank you for the opportunity to review and comment on the Proposed Omnibus 201X exposure draft (Project 37E). Founded in 1897, the PICPA serves nearly 22,000 members as the voice of the accounting profession across the Commonwealth of Pennsylvania. Membership is comprised of CPAs in public accounting—large firms, regional firms and sole proprietors—as well as those CPAs working in business and industry, government and education. We are submitting our comments on the Proposed Omnibus 201X.

We agree with the proposed statement, but had a few points to highlight:

- Thank you for differentiating the covered payroll vs. covered employee criteria for post-employment benefit reporting
- For multiple employer plans there is a specific situation in Delaware that may also apply to other states
  - Delaware schools are departments of the state
  - As such the schools do not report the OPEB liability on “their” books because they are a department of the state. The OPEB liability is reflected at the Delaware entity-wide level in the governmental activities
  - Delaware covers the OPEB liability for all public schools
  - Charter schools are separate entities and not departments of the state as they are discretely presented component units
  - Charter school employees are paid through the State payroll system and receive benefits the same as other public schools
  - Delaware charges the Charter schools a benefit rate annually based on the actuarially determined rate (like a multiple employer plan)
  - Because the charter school is a separate entity (legally they are non-profit organizations which follow a GASB reporting model), they are an employer that is part of a multiple employer plan from a structural perspective
  - Therefore, strict application of the OPEB standard results in a liability for OPEB on the charter school books
  - Delaware should be able to record the entire liability on their entity-wide statements, since they only hold the charter component units liable for a benefits rate
  - Can you address this situation so that the reporting appropriately reflects the substance?

Thank you.

Respectfully submitted,

Cynthia Bergvall, CPA, Chair
GASB Subcommittee of the PICPA Local Government Accounting and Auditing Committee