



Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026

May 7, 2013

VIA: Electronic Mail

Ms. Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
Mail Stop 6H19
441 G Street, NW, Suite 6814
Washington, DC 20548

Dear Ms. Payne:

The Pension Benefit Guaranty Corporation (“PBGC”) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board’s (FASAB) Exposure Draft for a proposed Statement of Federal Financial Accounting Standards addressing the *Reporting Entity*. We have no comments for questions 1, 2, 4, and 6 – 12; however, we do want to take this opportunity to comment on questions 3 and 5, as follows.

Q3. The Board proposes each component reporting entity report in its GPFFR organizations for which it is accountable; that includes consolidation entities and disclosure organizations administratively assigned to it. Administrative assignments can be identified by evaluating:

- the scope of the budget process,
- whether accountability is established within a component reporting entity, or
- rare instances of other significant relationships such that it may be misleading to exclude an organization not administratively assigned based on the previous two principles.

The Board recognizes that in rare instances it also may be misleading to include an organization that is administratively assigned to a reporting entity based on the above principles. In such cases, the organization may be excluded.

Refer to paragraphs 54-63 of the proposed standards and paragraphs A55-A61 in Appendix A - Basis for Conclusions for a discussion and related explanation.

Questions:

- Do you agree or disagree that each component reporting entity should report in its GPFFR organizations for which it is accountable, which includes consolidation entities and disclosure organizations administratively assigned to it? Please provide the rationale for your answers.
- Do you agree or disagree that administrative assignments can be identified as provided in paragraphs 54-63? Please provide the rationale for your answers.

Response:

Since PBGC is not a component reporting entity, we have no comment for the first question included in Q3. For the second question in Q3, we agree with the proposed standards' provision to exclude consolidation entities from component reporting entity reports when inclusion would be misleading, as discussed in Paragraphs 62 - 63. PBGC is an example for this exclusion provision. PBGC was legally established as a United States Government owned and self-financed Corporation, and administratively assigned to the Department of Labor (DOL). PBGC was authorized to operate independently, i.e., administered by a Director appointed by the President and confirmed by the Senate. In addition, PBGC has a Board of Directors consisting of the Secretary of Labor, the Secretary of the Treasury, and the Secretary of Commerce. PBGC prepares its own audited financial statements under the Government Corporation Control Act (59 Stat. 597, codified at 31 U.S.C. § 9101 et. seq.), and also submits financial data directly to the Department of the Treasury for the Financial Report of the United States Government. Accordingly, the consolidation of PBGC's financial results and operations with the DOL's General Purpose Federal Financial Reports would not be useful and would only mislead users of the DOL and PBGC financial statements.

Q5. For consolidation entities, the Statement proposes that FASAB and Financial Accounting Standards Board (FASB) based information should be consolidated without conversion of FASB-based information to a FASAB basis.

Refer to paragraphs 65- 66 of the proposed standards and paragraphs A66-A70 in Appendix A - Basis for Conclusions for a discussion and related explanation.

Question:

- Do you agree or disagree that consolidation of FASAB and FASB based information without conversion for consolidation entities is appropriate? Please provide the rationale for your answers.

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*Ms. Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board*

Patricia Kelly
Rebecca Batts

Preparer
Auditor

Response:

We disagree that consolidation of FASAB and FASB based information without conversion for consolidation entities is appropriate.

PBGC applies FASB GAAP for financial statement reporting, and provides intra-governmental FASB to FASAB conversion information with its Government-wide Financial Report System (GFRS) closing package.

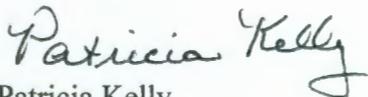
The proposed standard in the Exposure Draft would require PBGC to provide intra-governmental FASB to FASAB conversion information with its own standalone financial statements. PBGC's financial statement users expect and understand FASB GAAP, and will not likely understand or use this FASB to FASAB conversion information. Further, the FASB to FASAB conversion information amounts would likely be material to PBGC's standalone financial statements.

As noted by the majority of the FASAB members who commented on this issue at the June 27, 2012 meeting, any requirement to provide conversion information with the standalone entity's financial statements would not be necessary if conversion information was provided in the closing package.

Accordingly, we recommend the continuation of our current practice to provide intra-governmental FASB to FASAB conversion information with the GFRS closing package.

Thank you for your continuing interest in this area of great importance to the future of PBGC and government-wide financial statement reporting.

Sincerely,



Patricia Kelly
Chief Financial Officer
Pension Benefit Guaranty Corporation



Rebecca Anne Batts
Inspector General
Pension Benefit Guaranty Corporation