



August 27, 2014

Mr. David Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Dear Mr. Bean:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers, we appreciate the opportunity to respond to the Governmental Accounting Standards Board's Exposure Draft (ED), *Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That Are Not Administered through Trusts That Meet Specified Criteria, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

We generally agree with the requirements of the ED and agree that the total pension liability should be measured the same regardless of the structure through which the pension plan is administered. However, we have the following specific comments that we believe the board should consider as it finalizes this statement.

Paragraph 12

This paragraph could be rewritten in a more clear and direct manner. The first sentence in the last section of the paragraph reads: "If the pensions to be provided have all of the terms identified in (a)–(c) above, and are not administered through trusts that meet the criteria in paragraph 4, the requirements of this Statement for defined contribution pensions apply." This essentially repeats what is stated in the beginning of the paragraph. It could be condensed and merged to eliminate some of the repetitiveness. In addition, the last sentence of the paragraph could be stated more directly and could also be condensed and combined with the first part of the paragraph, which would make it easier to read and understand.

Paragraph 35

We suggest that a definition for "net pension assets" be provided in the Glossary.

Paragraph 44

- This paragraph lists the recognition, note disclosure and RSI requirements as subparagraphs. We recommend that GASB use bold headers to separate the note disclosure and RSI sections and renumber the paragraphs. The use of subparagraphs allows the requirements to get lost in the numerous indentations. See the headers before paragraphs 35, 42, 43, 67, 70, 72 and 73.
- This paragraph says to follow guidance in paragraphs 55-65 and 67-69, but then lists several exceptions and exclusions. The reader has to page back and forth through the guidance trying to understand what applied and what did not. We recommend that GASB remove the reference to paragraph 69 in paragraph 44 and simply list the explicit guidance for this type of plan without requiring the reader to determine which portion of the paragraph to apply.

Paragraph 55b

The paragraph requires that the portion of the collective total pension liability (TPL) be multiplied by the governmental nonemployer contributing entity's proportion. It seems that the word "portion"



should be removed from this sentence. We believe the total pension liability should be multiplied by the governmental nonemployer contributing entity's proportion, not just a portion of the TPL. This section of the proposed guidance does not explicitly say this is for a multiple-employer plan; therefore, we do not believe the calculation should be against a portion of the TPL.

Paragraph 69

Sections a. and b. appear to be reversed from the similar requirements in paragraph 41. For consistency, we believe paragraph 69 should be listed in the same order as paragraph 41.

Paragraph 76

Please clarify the paragraph as to whether it is referring to an annual period or the entire service period.

Paragraph 94

There is inconsistent language, and possibly intent, between paragraphs 94 and B20. The language used in paragraph 94 eliminates the option to report any external factors. The last sentence in the paragraph reads: "Information about external, economic factors (for example, changes in market prices) should not be presented." Paragraph B20 in Appendix B seems to allow for the option to report relevant external factors impacting information included in RSI. The last sentence reads: "Information about external, economic factors (for example, changes in market prices) is not required to be disclosed." We agree that it is not necessary to present explanations of basic economic factors to explain trends; however, we do not agree with eliminating the preparer's option to explain significant external factors that might substantially impact the information disclosed in the notes to the schedules of RSI.

General Comments

- A brief outline of the major reporting differences between Statements 67 and 68 and those being proposed in the ED would be helpful.
- There is redundant information in the note disclosures and schedules required for defined benefit, defined contribution, and combinations of those with special funding situations. We ask that the Board consider whether a chart could be used to demonstrate what is required rather than including pages of the same requirements in the standard.
- We suggest adding a definition for "measurement date" to the Glossary.

We appreciate the opportunity to provide our comments. Should you have any questions or need additional information regarding our response, please contact Kim O'Ryan of NASACT at (859) 276-1147 or me at (217) 782-3536.

Sincerely,

William G. Holland
NASACT President