



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 Postemployment Benefits Other Than Pensions*.

We generally agree with the requirements of the ED and believe the reporting requirements will increase consistency and comparability and improve the decision usefulness of financial reports. The proposed guidance will also bring the reporting of OPEB plans in line with existing guidance for pension plans. However, we have the following specific comments that we believe the board should consider as it finalizes this statement.

Paragraphs 37 and 80

Both paragraphs mention "alternative methods." We request that GASB provide examples of these methods.

Paragraph 170

This paragraph lists the recognition, notes and RSI as sub-paragraphs. 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 55, 114, 126, 132, 135, 168 and 192 with a header preceding the paragraph.

Paragraphs 170, 195 and 198

Given that most governments do not administer OPEB through a trust, we suggest that more illustrations for OPEB not administered through a trust be included in the Statement. For example: Accounting and financial reporting for OPEB in stand-alone financial statements of primary governments and component units that provide OPEB through the same defined benefit OPEB plan (paragraph 170) and special funding situations (paragraphs 195 and 198).

Paragraph 170b(2)

This paragraph references paragraph 195 for required disclosures and then proceeds to make numerous exceptions. Rather than except so many instances, we believe that GASB should consider leaving the reference to paragraph 195 out and cite the specific sub-parts of paragraph 195 that should be followed.



General Comments

- We suggest adding a definition for “measurement date” to the Glossary.
- The basis for conclusions for GASB Statement No. 45 included the Board’s position that implicit rate subsidies should be reported as OPEB. This ED statement will supersede GASB Statement No. 45 and, as written, this ED does not explicitly discuss the Board’s position on the implicit rate subsidy. However, we are aware of GASB’s plain language article, *The GASB’s OPEB Proposals: What Financial Statement Users Need to Know*, which states the Board is proposing to continue treating implicit rate subsidies as OPEB. We suggest the Board provide clarification within the Statement regarding the Board’s position on the treatment of implicit rate subsidies as OPEB.

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