



September 21, 2017

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), Implementation Guide No. 201X-Z, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

We generally agree with the provisions of the ED and believe the proposed changes provide guidance that clarifies, explains or elaborates on the GASB statement. However, we have the following specific comments that we believe the Board should consider as it finalizes this statement.

*Question 4.43*

Now that both pension and OPEB liabilities will be reported on the face of the financial statements, we suggest the Board should consider expanding the response here, or add a follow-up question, to address whether the pension and OPEB liabilities may be combined into one line.

*Question 4.87*

The question uses the clarified term "retirees (inactive employees)." GASB Statement No. 75 does not use this clarified term and defines inactive employees as: "Individuals no longer employed by an employer in the OPEB plan or the beneficiaries of those individuals. Inactive employees include individuals who have accumulated benefits under the terms of an OPEB plan but are not yet receiving benefit payments and individuals currently receiving benefits." We believe this clarified term should be eliminated and the guide should use "inactive employees." (The suggested change also applies to questions 4.123, 4.227, 4.376 and 4.401.)

*Questions 4.171 and 4.204*

Because of the potential significance of assets that will be accumulated in Trust B, we request that the Board annotate their answers by clarifying that the assets accumulated in Trust B can be separately captioned on the face of the financial statements and should be classified as "restricted assets," when they meet the applicable criteria.

*Question 4.212*

The answer to this question seems somewhat vague. The answer is really found in the subsequent question, Q. 4.213, which is referenced. We recommend that, rather than referencing Q. 4.213, the examples to help define "understood by the employer and employees" be either moved to the Q. 4.212 answer or included in both questions.



*Question 4.305*

The answer to this question does not specify a basis to be used for purposes of determining the portion of the expense of a nonemployer contributing entity in a special funding situation that is associated with each of the employers in a cost sharing plan; however, the answer states that the resulting proportion should represent the relationship of the employer to the total of all employers. Even though a basis is not specified by GASB Statement 75, examples of acceptable bases may be helpful to readers; for example, can it be based on dollars, number of employees, etc.?

*Question 4.330*

We believe it would be helpful if the answer addressed the requirement in paragraph 132 that information be provided about how to obtain the report and whether the actual website address where the report is located must be disclosed.

*Question 4.399*

The question itself is worded in a way that makes it difficult to follow the point of the question. We recommend revising this question as follows: "If there is a change in the municipal bond yield or index rate that is used as the discount rate, how should the effects on the total OPEB liability be classified?"

*Question 4.504*

We believe the reference should be to paragraph 4 of Statement 75, instead of paragraph 3.

*Question 4.507*

The question references payables to the pension plan. We believe this should be clarified to indicate that the payables are related to OPEB.

*Suggested Additional Question*

We suggest the Board add and answer the following question in the Guide:

How should the employer's proportion discussed in paragraph 59a of Statement No. 75 be determined when employer contributions to the plan have been suspended and no employer contributions were made for the measurement period? Does the length of time the employer contributions have been suspended factor into the determination?

*Editorial Comments*

- Appendix B, pages 188 to 191. The heading for column (f) is cut-off at the top.
- Illustration B4-1, page 204. In the middle of the page a paragraph begins with a number, "\$6,588 reported as deferred outflows of resources related to OPEB..." We suggest revising the sentence to begin with a word, for example: "Reported deferred outflows of resources, totaling \$6,588, related to OPEB..."
- Misspellings: Appendix B, page 212. "Calculation" is misspelled as "Calcuation" in three places (Notes C, D and F). Also, "Differences" is misspelled as "Differences" in Note F.

National Association of State  
**Auditors, Comptrollers  
and Treasurers**



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 (602) 553-0333.

Sincerely,

A handwritten signature in black ink, appearing to read "Debbie Davenport". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Debbie Davenport  
President, NASACT  
Auditor General, Arizona