Letter of Comment No.: 9
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term assets from being invested for paying pension benefits. The purpose of this disclosure would be to determine the entity's ability to invest only short-term assets or long-term assets as well. In ¶68 ("…other standards about the elements of the plan's basic financial statements."), what specific "other standards" are being referenced? Also, does the board intend to use "elements" within the same context as Concept Statement 4 (i.e., assets, liabilities, revenues, expenses, deferred outflows of resources, and deferred inflows of resources)?

Paragraph 98 ("Separate display in the financial statements of the pension liabilities for benefits provided through each defined contribution pension plan used by an employer is not required.") appears to mean that employers may collectively display the pension liabilities for each defined contribution pension plan. If that is the case, this suggested wording is clearer than the ED language. On page 46, why is the pension definition limited to defined benefit plans? The definition implies that pensions are not offered within defined contribution plans.

<u>General Comments:</u>

1. We do believe that the costs of implementation will be higher because many governments likely will have to obtain separate actuarial valuations for their plans if they were not already using the entry age normal method for funding purposes. In addition, if governments do not change their funding policy approach to mirror the financial accounting and reporting, then these costs are likely to be ongoing.
2. On page 112 for item *i*, "occurr" should be "occur."

Should you have questions or need clarification on any of our comments, please contact Gerry Boaz or me at (615) 747-5262.

Sincerely,

Arthur A. Hayes, Director
Division of State Audit