August 28, 2014

Director of Research and Technical Activities
Project No. 34-1NTP
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To Whom It May Concern:

We appreciate the opportunity to respond to the exposure draft of the Governmental Accounting Standards Board (GASB) proposed statement: 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. In general, we agree with the Board’s views presented in the Exposure Draft. However, we do have some comments and suggestions as noted below.

We believe the Exposure Draft should be written in a more clear and concise manner to make it more understandable to users. We noted several redundant statements which the Board could combine and condense with previous sections to more effectively communicate the requirements of the ED. We also noted significant referencing to other paragraphs throughout the document, which we found excessive and distracting. Overall these stylistic decisions of the Board caused the exposure draft to appear disjointed and confusing in some instances. Some specific examples are as follows:

• The phrase “not administered through trusts that meet the criteria in paragraph 4” appears numerous times throughout the ED and often disrupts the flow of the sentence that includes it. This phrase could potentially be assigned a term or abbreviation which would make the ED easier to read.

• The bottom of paragraph 12 of the ED is an example of a paragraph that could be rewritten in a more clear and direct manner. The sentence “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,”
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essentially repeats what is stated in the beginning of paragraph 12 and could be condensed and merged with the first part of paragraph 12 to eliminate some of the repetitiveness. The last sentence of paragraph 12 could be stated more directly and also could be condensed and combined with the first part of paragraph 12, which would make the paragraph easier to read and understand.

- We believe paragraphs 88 and 89 are redundant. The requirements relating to a defined contribution plan to which a governmental non-employer contributing entity is required to contribute a “substantial” versus a “less than substantial” proportion of the total contributions from the employer/non-employer contributing entities are the exact same in some instances and have minimal additions in others. Rather than repeating the exact same requirements in two paragraphs, the ED could explain in plain language the extra requirements for the “substantial” proportion of the total contributions.

- We believe the Board could reorganize the ED to improve the flow of the document. Grouping concepts together would be one way of reducing the amount of referencing necessary between paragraphs which would assist making the ED easier to read and understand. Providing a flowchart at the beginning of the ED is another potential method of making the requirements of the ED more understandable to the reader.

We believe paragraph 76 should be clarified as to whether it is referring to an annual period or the entire service period.

We appreciate the efforts of the Governmental Accounting Standards Board and the opportunity to provide our comments. Should you have any questions or need additional information concerning our response, please contact me or Zach Borgerding at (804) 225-3350.

Sincerely,

Martha S. Mavredes  
Auditor of Public Accounts