Idaho State Controller’s Office

Comments to the GASB regarding GASB Exposure Draft Pension Plans That are Not Administered Through Trusts.

July 22, 2014

Overall, we agree with the proposed guidance, as this gives a better framework to those that have pensions not in trust agreements. The guidance mirrors very closely the standards in GASBS 67 and 68. The last few paragraphs relating to amendments of GASBS 67 and 68 are essential to bring these standards into line with the proposals in the OPEB Exposure Drafts. From a readers’ or users’ perspective a brief outline of the major reporting differences between GASBS 67/68 and those being proposed in the exposure draft would be helpful.

We agree with the Board’s proposed clarification as described in paragraph B20 that external economic factors over which the government has little control should not be disclosed as part of the requirement in GASBS No. 67.34 and GASBS No. 68.47, 82, and 115. We agree that reporting information about investment-related factors that significantly affect trends should be limited to factors over which the government or the pension plan has influence.

From a readability standpoint, we find this Exposure Draft very difficult to follow. Paragraph 44 says to follow guidance in paragraphs 55-65 and 67-69, but then lists several exceptions and exclusions. We found ourselves paging back and forth through the guidance trying to understand what applied and what did not. We recommend the 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 partially follow some paragraphs and then apply some features of others.

Paragraph 44 lists the recognition, note disclosure, and RSI requirements as subparagraphs. We recommend the 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.

Paragraph 55(b) requires one to multiply the portion of the collective total pension liability by the governmental nonemployer contributing entity's proportion. Should the word "portion" be removed from this sentence? We think the proportion (percentage) should be multiplied by the total pension liability, not just a portion of the TPL. This section of the proposed guidance does not explicitly say this is for a multiple-employer plan, so why would the calculation be against a portion of the TPL?

Paragraph 69(a) and (b) appear to be reversed from the similar requirements in paragraph 41. For consistency, should paragraph 69 be ordered the same as paragraph 41?

General Observation/Question: Has the GASB considered doing away with GASB Statements altogether (similar to the FASB) and simply update the codification as guidance is developed? Sometimes an entire new Statement is issued to clarify or add to another recently-issued Statement. This can ‘muddy the waters’ by adding multiple layers of superseded guidance and be confusing to GASB guidance users.

Thank you for the opportunity to comment.