



## Association of Local Government Auditors

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Mr. David R. Bean  
Director of Research and Technical Activities  
Government Accounting Standards Board (GASB)  
Project No. 34-1E  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856-5116

Re: Proposed Implementation Guide of the Governmental Accounting Standards Board *Implementation Guide No. 201X-X, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

Dear Mr. Bean,

The Association of Local Government Auditors (ALGA) appreciates the opportunity to respond to GASB's Proposed Implementation Guide, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our organization represents more than 340 audit organizations and about 2,200 members. This topic is of interest to our members, and we encourage individual audit organizations and members to comment independently should they choose to do so.

We have reviewed the Proposed Implementation Guide and appreciate the GASB providing guidance that clarifies, explains, and elaborates on the requirements of Statement No. 74. Overall, we believe the Implementation Guide meets its intended objective. We have a few recommended changes that are discussed below.

1. To help improve readability and consistency of the answers, consider using the "Generally, yes/no." statement at the beginning of the answers in paragraphs 4.8, 4.13, 4.25, 4.65, 4.70, and 4.116. Also, to improve readability, the sentence(s) answering the question could be placed first in paragraphs 4.8 and 4.116. For example, the answer for 4.8 could read as follows:

*"Generally, yes. If (a) trust is used to administer both pensions and postemployment healthcare benefits and (b)...the OPEB partition of the trust is subject to the plan reporting requirements of Statement 74."*

The additional information supporting the answer would then be secondary.

2. To help improve readability and consistency of the answers, consider rewording the questions in order to provide a “Yes/No.” statement at the beginning of the answers in paragraphs 4.14, 4.27, 4.28, 4.31, and 4.68. For example, instead of using an “or” within the question for 4.31, the question could read as follows:

*“If an OPEB plan has defined contribution characteristics but also provides a defined benefit in some form, should the plan be classified as a defined benefit for purposes of Statement 74?”*

3. To help improve readability of the answers, consider putting the sentence(s) answering the question first in paragraphs 4.32, 4.101, 4.112, and 4.134. The the additional information supporting the answer would then be secondary. For example, the answer for 4.32 could read as follows:

*“This plan is a cost-sharing multiple-employer plan for purposes of applying Statement 74. The classification of the plan depends on whether there are legal restrictions...”*

This would be instead of having the sentence “This plan is a cost-sharing multiple-employer plan...” last within the answer.

4. To help with the readability of the answer in paragraph 4.2, consider shortening the answer as follows:

*“No. The city does not need to include the information identified in the detailed disclosure and required supplementary information (RSI) requirements of Statement 74 as part of its presentation of the OPEB plan as a trust fund in its financial report since the city issues a stand-alone financial report prepared in accordance with Statement 74. Paragraph 106 of Statement No. 34...”*

5. In section *Classifying OPEB as defined benefit or defined contribution*, paragraphs 4.27 through 4.31, there isn’t a specific question that provides an example of when OPEB would be classified as a defined contribution. The questions and answers within this section focus on defined benefit classification. Consider adding a question and answer that would provide an example of when OPEB would be classified as a defined contribution.
6. Should the question and answer for paragraph 4.73 be inclusive with GASB 40 and exclude not only mutual funds, but external investment pools and other pooled investments from the requirement of paragraph 34b(2) of Statement 74?

Respectfully submitted,

Larry Stafford  
Chair, Professional Issues Committee

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