Letter of Comment No. 4
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August 8, 2013

David Bean
Director of Research
Project No. 25-20
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
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Dear Mr. Bean:

On behalf of the Tennessee Department of Audit, we thank the GASB for the opportunity to comment on its proposed Exposure Draft (ED), *Pension Transition for Contributions Made Subsequent to the Measurement Date: an amendment of GASB Statement No. 68*. We generally agree with the requirements of the ED.

Specific Comments

In regard to ¶3, ¶12, and ¶13, we question why other deferred outflows of resources or deferred inflows of resources (i.e., other than contributions after the measurement date) are prevented from being recognized at transition, especially if material, when "it is not practical for a government to determine the amounts of ***all*** applicable deferred inflows of resources and deferred outflows of resources related to pensions." Since materiality appears to be the primary reason for recognition to avoid understatement of the net pension liability and pension expense at transition, we believe "all" above is too limiting. Situations could occur when the entity might have documentation on other material amounts of deferred outflows and deferred inflows of resources that also should be recognized. If none of the other deferred outflows and deferred inflows of resources are material, the current proposed guidance would be sufficient and appropriate.

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

Sincerely,

Deborah V. Loveless, CPA
Director, Division of State Audit