

February 28, 2007

Director of Research and Technical Activities
Project No. 31

Director@gasb.org

Dear Director:

On behalf of the Illinois Government Finance Officers Association (IGFOA), the Technical Accounting Review Committee appreciates the opportunity to provide comments on the Governmental Accounting Standards Board's exposure draft (ED) on Pension Disclosures – An Amendment of GASB No. 25 and No. 27.

While several members of our Committee understand your interest in aligning GASB Statements No. 25 and No. 27 with pension disclosure requirements issued for OPEB, we unanimously recommend the complete opposite, that the Board consider amending GASB Statements No. 43 and No. 45 to be in line with GASB Nos. 25 and 27. It is our view that current year funding information is most useful in terms of trending the funding progress of the pension plan, and that such trend information is necessary for placing the information reported in the financial statements and notes into an appropriate economic and historical context. Because of this, it is our opinion that it should continue to be considered as required supplementary information (RSI) instead of a required note disclosure.

The Committee also strongly believes that it would be inappropriate to duplicate the current year funded status information currently reported as (RSI) in the notes to the financial statements. If the Board moves ahead with this project, we recommend that the current year funding information be removed from the RSI and only be included as a note. We would also like to point out that if the current year funding information is moved to the notes, additional (and unnecessary) audit costs could be incurred due to the opinion-level assurances provided to the note disclosures and not the RSI.

We share in the Board's commitment to provide the highest quality of information in our financial reports. We also agree with the Board that plans/employers that use the aggregate actuarial costs method to determine their annual required contribution should be required to prepare funded status information. We support the use of the entry age actuarial cost method in preparing the schedule of funding progress. However, as stated above, we believe this information should be considered RSI.

The IGFOA appreciates the opportunity to comment on the ED. We would be happy to discuss this concern with you at your convenience. Please contact me at 847-968-3223 or bmcleod@co.lake.il.us. Thank you.

Sincerely,

Bonnie M. McLeod
Chair, Technical Accounting Review Committee
Illinois Government Finance Officers Association