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April, 5, 2016

Mr. David R. Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
Project No. 3-13E, Fiduciary Activities
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Bean:

Thank you for the opportunity to respond to the Exposure Draft (ED) on Fiduciary Activities. This letter serves as the Illinois Government Finance Officers Association's (IGFOA) Technical Accounting Review Committee's (TARC) response to this Exposure Draft.

The TARC has reviewed and discussed this ED and asks GASB to clarify if they intend to have all defined contribution plans (i.e. 457, 401(b), 401(k) classified as fiduciary funds. TARC feels defined contribution plans where the government retains no risk, and where the risk and responsibility for the amount of benefits in the plan rests entirely with the employee (the investment risk is solely held by the participant) should be excluded. The government's execution of duties solely to fulfill fiduciary duties as a trustee, such as making investment options less costly, meets the definition of control, but is not sufficient justification for inclusion in the government's financial report. It would be misleading to the readers of the financial report to include these types of defined contribution plans in the government's financial report.

While it is appropriate to include defined benefit plans in the government's financial report, defined contribution plans in trust are not currently required to be reported in the government's financial report, and it is our belief they should not now be included. TARC's concern is that by including defined contribution plans in the financial report the report will mislead the reader as to the assets the government controls.

With respect to income statement reporting of the agency fund, TARC feels this additional reporting requirement is not justified as it provides no useful data to the users. These are not funds the government can use and there is no need to show the reader the changes in the net position through an income statement. Further, this will lead to additional auditing costs, which should not be required for information not relevant to the fiscal position of the unit of government.

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It may also be misleading to recognize an outflow of resources in a systematic and rational manner over the estimated useful life of the tangible capital asset (as noted in paragraph 21) if subsequent capital repairs and maintenance significantly extend the useful life of that tangible capital asset.

Thank you for your consideration.

Sincerely,

Christina Coyle, CPA
Chair, Technical Accounting Review Committee
Illinois Government Finance Officers Association