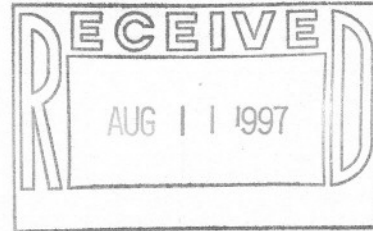


ILLINOIS
GOVERNMENT FINANCE OFFICERS ASSOCIATION

August 7, 1997



Mr. David R. Bean
Director of Research
Project No. 25-6
Governmental Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Mr. Bean:

The Illinois Government Finance Officers Association (IGFOA) is an organization in excess of 750 members comprised of public finance officers, auditors, accountants, bankers, and others interested in public finance in the state of Illinois. Our organization is dedicated to the common goal of promoting and improving methods of public finance so as to enhance the quality and efficiency of government.

To assist in achieving its goal, the IGFOA has organized several committees. The Technical Accounting Review Committee (TARC) was created for the purpose of reviewing accounting, auditing, and financial reporting requirements for governmental entities. Therefore, the TARC has consistently responded to due process documents issued by the GASB. The following is our response to the Exposure Draft (ED) on Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.

We support the accounting and financial reporting standards for IRC Section 457 deferred compensation plans proposed in the ED. In our view, it is appropriate that governments not report their 457 plans when plan assets are held by a third party for the exclusive benefit of plan participants and their beneficiaries. The ED properly recognizes the recent change in the law applicable to 457 plans.

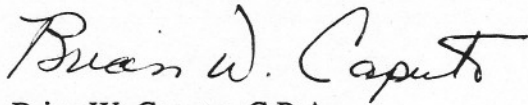
Until compliance with the new law is achieved, it is preferable that a 457 plan be accounted for as an expendable trust fund by its sponsoring government if the government holds plan assets or administers the plan in a trustee capacity. Reporting a plan in this status as an expendable trust fund more accurately reflects the degree of management involvement.

Illinois GFOA

Response to ED on Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans

We appreciate the opportunity to respond to the ED. If the Board has any questions concerning our response, please let me know. I may be reached at (847) 392-6000.

Sincerely,

A handwritten signature in cursive script that reads "Brian W. Caputo".

Brian W. Caputo, C.P.A.

Chair

Technical Accounting Review Committee

c: Richard A. Schnuer, President, IGFOA
Marianne Shank, Executive Director, IGFOA
Each IGFOA TARC Member