

September 25, 2002

Director of Research
Project No. 3-6E
Government Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: Comments on Exposure Draft No. 207-A "Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3"

The Illinois Government Finance Officers Association (IGFOA) is pleased to provide its comments on the proposed GASB statement on Deposit and Investment Risk Disclosures. The Illinois GFOA is a professional association of public finance officials in the state of Illinois.

We would like the GASB to consider requiring more disclosure defining the quality of collateral. Specifically, to be considered collateralized, the collateral must be supported by a written collateral agreement that meets the requirements of the Financial Institution Resource Recovery Enforcement Act (FIRREA), as amended. We'd like the GASB to consider establishing guidelines for collateral and disclosure of whether the collateral meets the guidelines or does not meet them.

We also applaud the managerial focus of the disclosure requirements as long as they are driven by the individual government's investment policy. We believe that the note disclosure should mirror the individual government's investment policy.

We are concerned that the ED may not be clear enough about the level of detail required for the proposed complex investment disclosure. It is important that such disclosure not be interpreted in such a way as to unduly burden governments with significant positions in such investments. Therefore, we recommend that GASB be urged to clarify that the detail provided in connection with this disclosure ought to be minimized by combining similar types of arrangements. Further, we believe disclosure should be required only if the aggregate position in complex investments exceeds five percent.

We would like to commend the GASB for its inclusion of multiple acceptable alternatives to disclosing information about the interest rate sensitivity of their debt investments. We would also like to strongly encourage the GASB to retain these options in the final draft as they provide the opportunity for governments with fewer resources to use one of the less costly alternatives to meeting this reporting requirement.

If you have any questions or require clarification of any of these points, please contact Rita A. Trainor, Chairperson via email rtrainor@epd.org or voicemail at 630.993.8932.

Sincerely,

Illinois Government Finance Officers Association
Technical Accounting Review Committee