

June 29, 2010

Director of Research and Technical Activities
Project No. 3-14
Email: director@gasb.org

Dear Director:

On behalf of the Illinois Government Finance Officers Association, the Technical Accounting Review Committee (TARC) appreciates the opportunity to provide comments on the Governmental Accounting Standards Board's (GASB) exposure draft (ED) on The Financial Reporting Entity an amendment of GASB Statements No. 14 and No. 34.

We agree with the clarification on defining component units and the blended discussion is useful.

We ask for clarification on Paragraph 27 of Statement 14, as amended, changes the benefit / burden relationship "or if the organization is fiscally dependent on the primary government". Is the intent of the change to broaden the scope of the relationship?

We ask for clarification on Paragraph 35 of Statement 14, as amended. The change seemingly broadens the category of Special-Purpose Governments with Separately Elected Governing Boards with the addition of "if a financial benefit or burden relationship also exists." Is this the intent from the context of this amendment?

TARC asks why there is a change in nomenclature in Paragraph 51 of Statement 14 from Disclosures to Information.

We agree with the additional criterion of determining a component unit as major and that it is valuable. However, TARC members see this area as an opportunity to improve the definition even further. The definition in the exposure draft is rather subjective and could be stronger similar to GASB 34's major funds definition.

In Paragraph 54 of Statement 14, we see the potential for foundations ending up as blended. Is this the intent of the statement?

We view the flow chart as amended as an excellent tool. We ask for clarification as to the direction some units of government may take. For example, if the board is one and the same as

in the case of a county and a forest preserve, would the forest preserve still be presented in the county's financials? And we request additional clarification on related disclosures.

We agree with the changes in Paragraph 73 from Investment to Equity Interest.

We appreciate the invitation to comment and would be pleased to discuss this letter with you at our convenience. If you have questions or comments, please contact me at (847) 870-9041 or gallagherm@cityrm.org.

Sincerely,

Melissa Gallagher, Chair
Illinois GFOA
Technical Accounting Review Committee