

November 12, 2004

Director of Research
Project No. 25-14
Governmental Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

By email: director@gasb.org

Dear Director:

On behalf of the Illinois Government Finance Officers Association (IGFOA), the Technical Accounting Review Committee (TARC) appreciates the opportunity to provide comments on the proposed GASB Technical Bulletin titled "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities".

The TARC has reviewed the proposed bulletin and has one recommendation for the GASB's consideration:

1. The term "funding policy" as used in the response to question 3, may have a variety of interpretations. For some organizations, there may be a formal written policy while for others it may be informal and interpreted as the corresponding pension contribution budget/appropriation line item amount. Other organizations may consider the tax levied (the specific line item levied to fund pension funds) as their funding policy, while another may consider past practice of remitting funds (property taxes and other) as they are received (essentially on a cash basis) as their funding policy. Therefore, to promote clarity and consistency, we recommend that the term "funding policy" be either eliminated from the technical bulletin or clearly defined with specific examples cited. Without this, there will probably continue to be wide differences in how pension expenditures are accounted for in governmental fund types.

The IGFOA appreciate the opportunity to comment on the bulletin. We would be happy to discuss this recommendation with you at your convenience. You may contact Linda Abernethy at linda.abernethy@rsmi.com or 847-517-7070 Ext. 6248. Thank you.

Yours truly,

Jim Egeberg
Chair Technical Accounting Review Committee
Illinois Government Finance Officers Association