

June 16, 2008

Director of Research and Technical Activities
Project No. 20-1
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 concepts related to Service Efforts and Accomplishments Reporting, an amendment of GASB Concepts Statement No. 2.

We agree that the Concept Statement should not and does not establish SEA reporting requirements. Rather its purpose should solely be to describe why external reporting of SEA performance information can assist users in assessing accountability and in making better informed decisions.

We strongly oppose any current or future SEA reporting as a requirement for a CAFR or any other general purpose financial statements which are subject to an audit.

The SEA information is and would continue to be un-audited. Although there is already non-audited information contained in a CAFR (the statistical section), it is financial in nature. Most of the information in the statistical section is derived from other sections of the current (or prior) CAFR(s) or has been included in the auditors work in some way or shape. Although un-audited, most auditors look through the statistical information and can serve as another set of eyes. However, SEA information is not already covered in some form by the auditors and it doesn't readily lend itself to audit procedures, as you have acknowledged in your own treatise on SEA "*Reporting Performance Information: Suggested Criteria for Effective Communication*". While Illinois may not be unique, in Illinois there are a number of unsophisticated users of the financial statements, sometimes including those charged with governance. Even though the SEA section would be labeled as unaudited, its inclusion in the bound audit document would result in some of them misinterpreting it as being audited. We are concerned that such inclusion would result in unwarranted reliance upon the information contained in SEA. Therefore, we feel any mandatory requirement to include SEA in general purpose financial statements or a CAFR would be extremely ill-advised.

We appreciate the invitation to comment and would be pleased to discuss this letter with you at our convenience. If you have questions on our comments, please contact me at 847-968-3223 or bmcleod@co.lake.il.us.

Sincerely,

Bonnie M. McLeod, Chair
Illinois GFOA
Technical Accounting Review Committee