

November 23, 2016

To the Director of Research and Technical Activities

Project No. 37E

Governmental Accounting Standards Board

401 Merritt 7, P.O. Box 5116

Norwalk, Connecticut 06856-5116

The Governmental Executive Committee (Committee) is pleased to comment on the project 37E “Omnibus 201X”. Our comments represent the collective views of this Committee and not the individual views of the members or organizations with which they are affiliated. The organization and operating procedures of the Committee are outlined in Appendix A to this letter.

We offer the following comments and suggestions to the guidance outlined in the exposure draft:

Paragraph 4 – The intention of this clarification is unclear. Is it that some governmental entities that had only business type activities, were blending a CU that should have been discretely presented? If that is the intent the correction has not been succinct on that point.

Paragraph 5 – regarding paragraph b, consider a reference to paragraph 40 of GASB 69. We believe the intent is that the negative goodwill be written off in the restatement to beginning net position, thus we suggest the intention be more succinct on that point.

Paragraph 6 – consider referring to paragraphs 64 through 68 of GASB 72 for the determination of whether the asset is an investment or a capital asset.

Paragraph 8 – the first paragraph refers to liabilities paid to employees, however OPEB benefits are often not paid directly to the employees and instead are paid to insurers, health care providers etc. We recommend revising the wording to reflect this.

Paragraph 9 – This paragraph requires measurement of on behalf payments in the governmental fund financial statements differently than the measurement of the on-behalf amounts in the government-wide and proprietary fund financial statements. This will require certain cost sharing systems to provide their members with two sets of on-behalf amounts which could be materially different. In addition to the hardship this would likely place on the Plans, it will be extremely confusing to the practitioners and many users of the financial statements. At a minimum, there should be a footnote that discloses the two different measures used. Having to obtain and include on behalf information as of the end of the current reporting year, could delay issuance of FS if the Plans are unable to provide this information timely. Additionally, the allocation of the on behalf amounts to the various funds will be complex as amounts pertaining to the proprietary funds will be carved out with the remaining recorded in the governmental funds. Similarly, a portion of the on-behalf determined for full accrual statements will be allocated to the enterprise fund statements.

Paragraphs 13 and 14 – we recommend requiring a disclosure regarding a description of the covered payroll method used and why.

Paragraph 24 – we recommend including language to clarify that the full 10 years does not fall under the exception of whether or not it is available, unless the plan has not been in operation for the full 10 year period. This requirement was inconsistently applied during the pension standards implementation.

We appreciate the opportunity to offer our comments and suggestions.

Sincerely,

**Christine Torres, CPA**

Chair, Governmental Executive Committee

APPENDIX A

ILLINOIS CPA SOCIETY  
GOVERNMENTAL EXECUTIVE COMMITTEE  
ORGANIZATION AND OPERATING PROCEDURES  
2016-2017

The Governmental Executive Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from government and public accounting. These members have Committee service ranging from newly appointed to more than 30 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of governmental accounting and auditing standards. The Committee’s comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed, and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times, includes a minority viewpoint.

Current members of the Committee and their business affiliations are as follows:

**Public Accounting/Professional Service Firms:**

Linda Abernethy, CPA RSM US LLP

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