March 20, 2020

Via Electronic Mail

Director of Research and Technical Activities
Project No. 3-38
Governmental Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

RE: Response to GASB Exposure Draft – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

Dear Ms. O’Ryan:

The Office of the Washington State Auditor appreciates the opportunity to give input on the GASB’s proposed standards (Project No. 3-38). In Washington, we audit numerous governments that provide 401k, 401a, 403b and 457 plans. Many of these plans would be considered defined contribution pension plans due to employer contributions. However, almost all of these are administered by third-party vendors who act as the trustee and control the assets. We believe the most appropriate and meaningful presentation of these plans is to make disclosures required for defined contribution plans when employers make contributions, and to report as a fiduciary activity only when the government administers the trust themselves and therefore has control of the assets. This has been the previous pattern of reporting for Washington governments.

Therefore, we are strongly in support of the exposure draft. In particular, we agree with the exceptions provided in paragraphs 4 and 5 for defined contribution and other plans. These exceptions will appropriately provide for status quo reporting of 401k, 401a, 403b and 457 plans.

Furthermore, we appreciate the expedited process the Board has taken with the due process and effective dating of the exposure draft in order to avoid problematic and confusing changes in reporting for these plans.

Thank you for the opportunity to provide our comments. Any inquiries may be directed to me at (564) 999-0794.

Sincerely,

Mark Rapozo, CPA
Assistant Director of Local Audit