April 7, 2020

Dear Mr. Bean:

On behalf of the Florida Government Finance Officers Association (FGFOA), we are pleased to respond to the GASB Exposure Draft on Project No. 3-38, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The comments below were prepared based on a review by the FGFOA members, its Technical Resources Committee, and the Board of Directors.

We generally concur with the guidance offered in the Exposure Draft and are of the opinion that it will improve financial reporting. Our review of this exposure draft revealed three areas requiring further clarification, as noted below.

• Consider clarifying when the “impose its will” criteria of GASB No. 14 paragraphs 25 and 26 might apply to an IRC Section 457 Plan that is a defined contribution plan with only employee contributions, and there is no separate governing board for the Plan.

• Consider presenting a reporting entity flowchart similar to the one in GASB No. 61 paragraph 68, that is specifically for IRC Section 457 Plans. This would help the user decide first, if the Plan is a component unit under GASB No. 61, then second (if no) whether it is a fiduciary fund under GASB No. 84.

• Consider recognizing IRC Section 457 plans that have employer contributions as being treated the same as IRC Section 401(a) defined contribution plans with employer contributions.

We would like to thank the GASB for its efforts in preparing the exposure draft, and for the opportunity to respond. Please feel free to contact me at (727) 464-3341, or kburke@mypinellasclerk.org regarding the comments above.

Sincerely,

Ken Burke, CPA
President