March 2, 2015

Mr. David Bean  
Director of Research and Technical Activities  
Governmental Accounting Standards Board  
Project No. 3-13P

Dear Director:

Thank you for the opportunity to respond to the Preliminary Views (PV) on Leases. This letter serves as the Illinois Government Finance Officers Association’s (IGFOA) Technical Accounting Review Committee’s (TARC) response to this PV.

The TARC has reviewed and discussed this PV and would like to offer several comments and suggestions:

1. In summary, TARC is supportive of the GASB’s PV on leases as improving the accounting and reporting of leases from the current standards.

2. In Chapter 4 paragraph 10, for local governments that do not frequently borrow money and may not be able to determine a rate to discount future lease payments it may be helpful to suggest an index such as the Bond Buyer 20-year index to determine the discount rate.

3. Several members of TARC discussed situations where a financed purchase of an asset such as computer software licenses may be confused to be a contract that meets the definition of a lease. TARC suggests that any future exposure drafts take the time to clarify that distinction.

TARC has thoughtfully considered this PV and this response and appreciates the opportunity to provide feedback. If you have any questions or require further information, please contact me at (630) 897-8228 x225 or via email at bhannah@vil.north-aurora.il.us

Sincerely,

Bill Hannah  
Chairperson, IGFOA Technical Accounting Review Committee