



April 8, 2020

Mr. David Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Dear Mr. Bean:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers, we appreciate the opportunity to respond to the Governmental Accounting Standards Board's Exposure Draft (ED), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

We generally agree with the provisions of the ED and believe the requirements will improve the consistency of financial reporting of fiduciary component units. However, we have the following comments that we believe the Board should consider as it finalizes this statement.

Paragraphs 6 and 7

These paragraphs provide guidance for a 457 plan that meets the definition of a pension plan, stating that the government should report the 457 plan as a fiduciary activity.

We request additional clarification for a situation in which a government does not meet the definition of a pension plan and has elected to disclose the 457(b) plan as a voluntary supplemental retirement savings plan in the fiduciary pension and other employee benefit trust fund type. Would the government have to exclude this 457(b) plan for fiscal years beginning after June 15, 2021?

General Comments

We request that the proposed standard clarify and more clearly define when 457 Deferred Compensation plans should be reported.

We also request additional clarification on the reporting required if a 457 plan does not meet the definition of a pension plan but meets the definition of a fiduciary fund.

We encourage the Board to move forward with the development of implementation guidance to ensure consistency in Section 457 plan reporting.

We appreciate the opportunity to provide our comments. Should you have any questions or need additional information regarding our response, please contact Kim O'Ryan of NASACT at (859) 276-1147 or me at (802) 828-3322.

Sincerely,

Beth Pearce
President, NASACT
State Treasurer, Vermont