



November 24, 2015

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), *Implementation Guide No. 20XX-X*.

We generally agree with the provisions of the ED. We want to point out in particular our acknowledgment of paragraph A4 of Appendix A, that going forward Implementation Guide questions that will be impacted by new pronouncements will be addressed within the exposure drafts of those new pronouncements. This will make the review of the changes to the Implementation Guide easier and more efficient because they will be done while reviewing and responding to the new pronouncement. As it relates to specific questions in the proposed document, we have the following specific comments that we believe the Board should consider as it finalizes this statement.

*Question 4.4*

We request that the guidance in this question be enhanced by clearly addressing the expected balance sheet classification of a fund's position in an internal investment pool (an example is the response to Question 6.29.3 in the existing Guide). The Guide clearly addresses disclosure requirements, as well as the classification of component unit positions in internal investment pools and classification of fund positions in external investment pools. However, the classification of fund positions in internal investment pools is not clear. In fact, the explanation to "report their pro rata share of participation" is worded differently than the explanation for component units in the sentences that follow; causing us to wonder if the reporting treatment is the same or different between funds and component units.

*Question 4.26*

We are concerned this guidance will create a requirement to report trivial fiduciary funds that will become reporting units that, in certain circumstances for business type activities or some special purpose governments, may have to be audited as separate opinion units (i.e., because normally single column financial statements will now have a second column for the fiduciary activity). We ask that the Board allow insignificant fiduciary activities to be reported as a restricted asset and offsetting liability with only the net change reported on the statement of changes, in accordance with the current generally accepted practice for deposits or retainage payable.

*Question 4.35*

We have concerns about the use of the word "Generally" to lead off the answer to this question. It leads a reader to believe there are other options, at least under certain circumstances. Accordingly, we believe the Board should reconsider the use of this word, and either remove the

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word in the response to the question, or elaborate on the kinds of circumstances that would lead to a different answer to this question.

*Question 4.55*

Editorially, we believe that the word “one” in the response to the question could be revised to “another acceptable method,” for more clarity.

*Question 4.60*

We believe the response should read “acquisition or construction” instead of “acquisition of construction.”

*Question 4.62*

The response states to “clearly note that summarized amounts exclude the more detailed pension data that is displayed.” We request that this be further explained, as we are uncertain if this is referring to financial statement presentation (and how so) or referring to notes to the financial statements.

*Question 4.72*

We request that the response be expanded to include guidance on how capital assets acquired through a non-exchange transaction or donation that will then be donated by the local government for economic development purposes should be presented on the local government’s financial statements. We note at least one state (OH) has increased activity in this type of transaction.

*Question 5.14*

The question contains two questions, the first of which doesn’t have a yes or no answer and is not explicitly answered. Because the first question about which component of net position should be reduced by the liability is implied in the last question, we suggest removing the first question or incorporating it into the question so that it reads something like, “If debt is issued to refund existing capital-related debt, is the new debt also considered capital-related and would therefore reduce the net investment in capital assets component of net position?”

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 (515) 281-4877.

Sincerely,

Calvin McKelvogue  
President, NASACT  
Chief Operating Officer, Iowa