



COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

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To Whom It May Concern:

We appreciate the opportunity to comment on the proposed Statement of the Governmental Accounting Standards Board: *Government Combinations and Disposals of Government Operations*. We agree with the guidance set forth in this proposed Statement. However, below we include some general comments on the exposure draft.

- Paragraph 11 indicates a government acquisition occurs when a government acquires another entity, or the operations of another entity, in exchange for the payment of "significant consideration". It is unclear whether the preparer measures significant consideration in relation to the acquiring government or the acquired organization. We recommend the Board include guidance on evaluating the measurement of "significant" consideration.
- For intra-entity government acquisitions, paragraph 43 indicates the difference between the acquisition price and the transferred carrying value of the net position is a special item for financial reporting by the government transferee and reclassified as transfers or subsidies in the reporting entity financial statements. We are not familiar with the term "subsidies" in relation to financial statement reporting. We recommend the Board provide a definition for the term "subsidies" or provide other additional clarifying language.
- The proposed standard references the term "flows statements" in several paragraphs; however, it is not clear as to what statement the term refers. We recommend the Board include additional information to clarify the meaning of this term.
- Paragraphs 14 and 16 appear to contain duplicative information, as well as, paragraphs 21 and 23. We recommend the Board either eliminate the duplicative information or modify the paragraphs to clarify the differences. Additionally, the proposed statement appears to repeatedly duplicate multiple paragraphs from one combination government type to the next. We recommend the Board review the flow of the proposed statement to determine whether to combine or have general guidance for some of the types of combination or disposal of governments.

We appreciate the efforts of the Board and the opportunity to provide our comments. Should you have any questions or need additional information concerning our response, please contact me or Staci Henshaw at (804) 225-3350.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Kucharski".

Walter J. Kucharski
Auditor of Public Accounts