August 31, 2015

Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Preliminary Views on Accounting and Financial Reporting for Certain External Investment Pools (Project No. 3-29E)

Dear Sir:

The Michigan Government Finance Officers Association (MGFOA) has reviewed the Preliminary Views of the Governmental Accounting Standards Board on Financial Reporting for Certain External Investment Pools, dated June 22, 2015. We offer the following comments and observations:

Overall, we are in agreement as to establishing specific criteria to identify an external investment pool that would qualify for reporting its investments at cost. We offer the following additional comments:

1. We believe the language of paragraph 9 may not be clear enough to describe the prohibition against electing the amortized cost method in subsequent periods. The prohibition might be more clear if it read as follows:
   9. In the initial year of implementing this statement, if an external investment pool meets all of the criteria in paragraph 4, it may elect to measure all of its investments at amortized cost. In any subsequent year, it may change that election. However, following the initial year of implementation, once an external investment pool is not reporting at amortized cost (whether because it elected not to, or because of the requirements of paragraph 5 of this statement), it may not elect to report at amortized cost in subsequent periods, other than in the exceptional circumstances described in paragraph 7.

2. We would observe that it is quite unusual to make an effective date for a pronouncement prior to its issuance date. However, we assume that the Board has already discussed the confusion it may cause and feels it is outweighed by the urgency of guidance to replace the prior rule 2a7 guidelines.

These comments represent the consensus opinion of the Accounting Standards Committee and have been approved by our Board of Directors. Thank you for your consideration and the opportunity to express our points of view.

Very truly yours,

Ed Sell, President
Michigan Government Finance Officers Association