October 2, 2015

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

Re: Proposed Statement of the Governmental Accounting Standards Board, “Blending Requirements for Certain Component Units”

Dear Sir:

The Michigan Government Finance Officers Association (MGFOA) has reviewed the Proposed Statement of the Governmental Accounting Standards Board on Blending Requirements for Certain Component Units, dated June 22, 2015. We offer the following comments and observations:

Overall, we are in agreement with the criteria for blending when a component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member. However, we do not believe a distinction needs to be made for component units included under the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. In our view, if the criteria in paragraph 4 of the proposed statement are met, then the not-for-profit should be presented as a blended component unit, regardless of whether it also meets the criteria set forth in Statement No. 39. Therefore, we recommend that the last sentence of paragraph 2 be deleted from the Proposed Statement.

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,

Edward J. Sell Jr., President
Michigan Government Finance Officers Association