September 18, 2015

David Bean, Director of Research and Technical Activities  
Project No. 3-29E  
Governmental Accounting Standards Board  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116

RE: Blending Requirements for Certain Component Units an amendment of GASB Statement No.14

Dear Mr. Bean:

Thank you for the opportunity to respond to GASB’s Exposure Draft (ED) Blending Requirements for Certain Component Units an amendment of GASB Statement No.14.

We appreciate additional guidance related to the presentation of specific component units in the financial statements; however, we would recommend for clarity that GASB review all financial reporting entity standards and issue a single comprehensive standard for component unit reporting.

We agree with the Board’s decision to expand existing blending criteria to include component units organized as not-for-profit corporations when the government is the sole corporate member and GASB Statement 39, Determining Whether Certain Organizations Are Component Units, does not apply. This provides clarification and allows comparable financial reporting for component units with similar relationships with the primary government.

However, we are concerned some not-for-profit organizations qualifying for blended reporting under the proposed standards may not report their financial statements under GASB’s reporting framework. This complicates the blending process for the primary government, and we request the Board include specific guidance for blending component units in this situation.

Finally, we believe the final document should include a definition for “sole corporate member” including the circumstances when a primary government demonstrates being a sole corporate member. We would like the Board to clarify if it is necessary for the primary government to be an actual member of the governing body or can the primary government demonstrate control of the governing body and still meet the intent of this standard.

If you have questions or need additional information regarding this response, please contact Lisa Dooly at (515) 281-4098.

Sincerely,

Calvin McKelvogue

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