February 11, 2019

Director of Research and Technical Activities, Project No. 3-13
director@gasb.org

Re: Exposure Draft of Proposed Implementation Guide
Fiduciary Activities (Project No. 3-13)

Dear Sir:

The Michigan Government Finance Officers Association (MGFOA) has reviewed the Exposure Draft of the proposed implementation guide of the Governmental Accounting Standards Board on Fiduciary Activities (Project No. 3-13), dated December 17, 2018. We offer the following comments in relation to this document:

1. Q. #4.16: While we concur with the answer to this question, we did note a direct contradiction between the response to this question within the draft Implementation Guide and the GASB 84 codification instructions (Appendix E of GASB 84), 2200.759-2 and the suggested revision to the original Implementation Guide Question 7.81.2. We assume that once the GASB 84 Implementation Guide is issued, it will supersede Appendix E of GASB 84.

2. Q. #4.47: Stated within the “facts” of this example, is an assumption that the contributions for uniforms and equipment would be accounted for in a custodial fund. While this isn’t the subject matter of the question presented by the GASB in the draft Implementation Guide, we are unclear how these contributions would qualify as fiduciary. We have applied the facts and circumstances provided within this question to the requirements within GASB 84 and would reach a different conclusion under the standard. Based on the information provided, it appears that the program is a city sponsored program, and the City would have control of the money being contributed, as they would presumably hold the asset once contributed, as it is offsetting the cost that otherwise would be incurred by the City park’s department. Given the GASB 84 requirements in situations where the government controls the activity and the assets are derived from a voluntary nonexchange transaction, this activity would be required to be reported in a governmental or business-type activity. Please provide additional clarification on how the presentation of a custodial fund would be appropriate in this situation.

3. Q. #4.48: This question addresses a situation where resources are held for three months or less and GASB 84 para 24. allows for a single aggregated total for additions and deletions in the Statement of Changes in Fiduciary Net Position. However, the term "baseball fundraising collections" in this example seems to provide enough detail to be considered both aggregated and disaggregated. Please provide additional information to identify how this would be presented differently if this was a disaggregated presentation.

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,

David A. Keenan
President
Michigan Government Finance Officers Association