April 11, 2016

Director of Research and Technical Activities
Project No. 3-13E
Governmental Accounting Standards Board
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RE: Fiduciary Activities Exposure Draft

I appreciate the opportunity to respond to the above-referenced exposure draft in my capacity as Chair to the Accounting Standards Committee of the California State Association of County Auditors.

We generally agree with the exposure draft proposal. We agree that this statement would enhance consistency in identifying and reporting fiduciary activities.

We believe the term Equivalent Arrangements needs more substantive explanation or examples. It is not sufficiently defined in the exposure draft.

We would like to encourage the exposure draft to clarify the situation where responsibility may occur between a primary government and a non-profit organization. If employees of the primary government are on the Board of Directors of the non-profit organization (the government controls the assets of the activity and the assets are not derived solely from the government’s own-source revenue) and requirements for Component Unit classification are not met, under what circumstances would the primary government have fiduciary responsibility for the non-profit organization and report the activities as a fiduciary activity in the financial statements of the primary government?

Another comment is to suggest the addition of detailed examples in the appendices. This would be helpful in interpreting the proposed standard.

Thank you for the opportunity to provide GASB our comments. If you have any questions, please contact me at (805) 788-2964.

Please accept this late response. I was on vacation and tending to an elderly parent.

Sincerely,

Jim Erb
Chair, Accounting Standards Committee
California State Association of County Auditors