December 5, 2014

Mr. David R. Bean
Director of Research and Technical Activities
Project No. 3-13P
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Bean:

We are writing to you on behalf of the Government Finance Officers Association of the United States and Canada (GFOA) in response to the Governmental Accounting Standards Board’s (GASB) preliminary views (PV), Financial Reporting for Fiduciary Responsibilities. This response was prepared by the GFOA’s standing Committee on Accounting, Auditing, and Financial Reporting (CAAFR), all of whose members are active government finance officers.

The GFOA applauds the GASB’s efforts to provide specific guidance for the identification and classification of fiduciary funds. We especially wish to underscore our agreement that:

- The key conceptual factor for distinguishing among fiduciary funds should be the presence or absence of a trust agreement or equivalent arrangement;
- A new custodial fund type should be established to embrace all fiduciary activities that are not governed by a trust agreement or equivalent arrangement (thus eliminating the existing agency fund type); and
- “A liability should be recognized in fiduciary funds when an event has occurred that compels the government to disburse fiduciary resources.”

If you have any questions regarding our position, please contact the GFOA's Director of Technical Services, Stephen J. Gauthier (312/917-6101; FAX 312/977-4806; e-mail: sgauthier@gfoa.org).

Sincerely yours,

William Hall, chair
Committee on Accounting, Auditing, and Financial Reporting

Melinda Gildart, vice-chair
Committee on Accounting, Auditing, and Financial Reporting