February 26, 2015

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 appreciate the opportunity to respond to the Governmental Accounting Standards Board’s preliminary views (PV) document titled Financial Reporting for Fiduciary Responsibilities. We generally share the Board’s preliminary views on this topic and we agree that additional guidance is necessary to achieve greater uniformity in financial reporting of fiduciary activities. We also thank the Board for the effective use of flowcharts throughout the PV and hope you incorporate them into the future standard. We look forward to the issuance of the exposure draft on this topic and offer the following specific comments on the PV.

We considered paragraph 3 of Chapter 2 difficult to comprehend given the multiple level of exceptions and internal references within the paragraph. When the Board presents this information in an exposure draft, please consider presenting the information in an affirmative sense detailing which guidance applies to the specific situations mentioned in the paragraph and then have a "catch-all" category at the end to explain the guidance when the aforementioned specific situations are not met. A flow-chart might also be an effective way of explaining the guidance presented in this paragraph. Also, the phrase "unless otherwise noted" at the end of paragraph 3a should be replaced with more specific references to ensure readers understand all applicable exceptions.

Within the upcoming exposure draft, we request the Board provide additional clarification regarding discretely presented component units that contain multiple fund types including fiduciary funds. Would the guidance suggested in Chapter 2, paragraph 3a, to report the component unit as a fiduciary fund apply only to the component units’ fiduciary funds when the component unit is rolled up to the primary government’s financial statements?

If you have any questions regarding our comments, please contact me or Craig M. Murray, Director of Professional Practice.

Sincerely,

Doug A. Ringler, CPA, CIA  
Auditor General

c: C. Murray, CPA, CIA  
Via e-mail