February 12, 2018

Mr. David R. Bean
Director of Research and Technical Activities
Project No. 24-16ED
Governmental Accounting Standards Board
401 Merrit 7
PO Box 5166
Norwalk, CT 06856-5116

Dear Mr. Bean,

We are writing on behalf of the Government Finance Officers Association of the United States and Canada (GFOA) in response to the Government Accounting Standards Board’s (GASB’s) Exposure Draft Implementation Guide No. 201 Y-X, Implementation Guidance Update – 201Y. This response was prepared by GFOA’s standing Committee on Accounting, Auditing and Financial Reporting (CAAFR).

GFOA supports the GASB providing more guidance to preparers of financial statements through the implementation guides. We also offer the following recommendations for your consideration to improve this implementation guide:


   a. The new term “qualifying costs” used within the Q & A may be confusing and we recommend the inclusion of a definition for the term or rephrasing to avoid introducing a new term.

   b. Question 4.4 – Consider expanding the types of examples for period costs that would qualify for recovery in future rates; i.e. larger costs such as the painting of a water tower, smaller costs such as low-flow shower heads, and postemployment benefits. We also suggest further clarifying whether Statement No. 62 applies to an agency that provides assets directly to customers or reimburses its customers for an expenditure they have already made (which we believe it should).

   c. Question 4.5 – GFOA recommends the elimination of this question as it seems confusing and redundant. The first sentence of Question 4.4 appears to cover the topic when it states “A utility develops a comprehensive rate plan that includes all expected costs of operations”. If this is intended to address a circumstance where an agency is partially regulated, or only applies certain costs to their rate setting model, we believe that is a rare case and are concerned that this hypothetical situation is confusing, and risks undermining the value of the clarifying guidance provided in Question 4.4.

Washington, DC Office
Federal Liaison Center, 660 North Capitol Street, NW, Suite 410 • Washington, DC 20001 • 202.393.8020 fax: 202.393.9780
www.gfoa.org
2. **Statement No. 77, Tax Abatement Disclosures**

   a. **Question 4.6 - Would the answer to Question 4.40 in Implementation Guide 2017-1 differ if the agreement states that the building constructed by the developer is or will become an asset of the government?** GFOA suggests the GASB clarify that this example is an approach to financing the improvements to an asset of the government by including that the asset may become a government asset “upon completion”, and therefore, would not meet the definition of a tax abatement.

GFOA would like to commend the GASB for certain improvements made to its resources which aid its users, for example, (a) including the proposed marked-up amendments to its previously issued questions and answers within the Appendix section of the Exposure Draft, which makes it much easier to review, and (b) including all Implementation Guidance questions and answers within their applicable sections of the Codification. It is greatly appreciated.

We thank you for the opportunity to comment on this proposal, and would be happy to respond to any questions you might have. Please feel free to contact GFOA’s Director of Technical Services, Michele Mark Levine, by phone at 312.977.9700 ext. 6101 or by email at mlevine@gfoa.org.

Sincerely yours,

Melinda Gildart, Chair
Committee on Accounting, Auditing and Financial Reporting

Melanie S. Keeton, Vice-Chair
Committee on Accounting, Auditing and Financial Reporting