January 21, 2020

Director of Research and Technical Activities, Project No. 24-16e
director@gasb.org

Re: Implementation Guidance Update - 2020 (Project No. 24-16e)

Dear Sir:

The Michigan Government Finance Officers Association (MGFOA) has reviewed the Exposure Draft of the Implementation Guidance Update - 2020 dated November 20, 2019. We offer the following comments in relation to this document:

1. Paragraph 4.1 states the ability of the primary government to change the contribution amount is equivalent to approving rates of the defined benefit pension plan and therefore does create fiscal dependency. However, we feel it would be prudent to clarify that voluntary contributions over and above the ADC made by a local unit do not constitute a change in the contribution rate, as envisioned within this Q&A, and therefore, is not an indication of fiscal dependency. In addition, to clarify GASB’s intent, in the second sentence of the question and the second sentence of the answer, we suggest adding the term “unilateral” in front of the term “ability” to clarify situations where the employer and plan work together to establish assumptions, but ultimately the plan is the only entity with authority to set the contribution amount.

2. Paragraph 4.6 states the answer of administrative involvement by the school district is “No”. We feel that the answer should be “Yes”, the school district does have administrative involvement. Based on the guidance within GASB 84 related to administrative involvement, we believe that when a policy exists that creates restrictions on how funds are used and when someone within the district must put forth thought on whether the expenditure is allowable, it creates administrative involvement.

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,

Kim Garland, President
Michigan Government Finance Officers Association