Association of Local Government Auditors

January 31, 2020

Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

RE: Project No. 24-16e

Dear Mr. Bean:
The Association of Local Government Auditors (ALGA) appreciates the opportunity to provide the following comments on the Exposure Draft, Implementation Guidance Update – 2020. ALGA represents 330 audit organizations comprising more than 2,700 individuals. In general, we agree with the questions and answers in the exposure draft. However, we present the following comments for your consideration.

Question 4.3
The answer states, “Similarly, flows related to those balances should be reported as inflows and outflows in the state’s flow statements.” We believe the use of the terminology “flow statements” and “inflows” and “outflows” should be clearer or the sentence eliminated from the answer.

Question 4.5 and 4.6
These two questions are attempting to clarify administrative involvement using the school district’s policy. We are concerned that a user of this implementation guide may select one of these examples that best fits their approach, but not consider the other possibility. We suggest adding to each answer an alternative to give the reader better defined criteria.

In question 4.5, the example using the ski club’s only activity is an annual ski trip. The school district’s policy would create administrative involvement because the policy was specific to the annual ski trip not the ski club activities. We believe it would be helpful to provide a variation in the answer that could change the administrative involvements determination. For example, if the school district’s policy was to any ski club activities and other activities such as ski lessons or purchasing equipment could be possible uses, then the policy would not be specific enough to establish administrative involvement.

In question 4.6, the example uses senior class activities, which could be multiple types of activities. The policy would not establish administrative involvement because the school district’s policy is too broad. Similarly to question 4.5, we believe it would be helpful to provide a variation in the answer that could change
the administrative involvements determination. For example, if the school
district's policy was limited to the senior dance then it would be a specific activity
and that would establish administrative involvement.

In both questions, we believe by adding the variation in the answer, it would
clearly illustrate the school district's specificity in their policy's is a key factor in
determining administrative involvement.

Question 4.23
In the question, we believe it is important to establish the capital asset is the
issuer's asset. We believe it can be an implied fact but the question and related
answer becomes clearer if that fact pattern is established.

We thank you for the Board's consideration and look forward to reviewing the
issued version.

Respectfully submitted,

Vickie Classen
Chair, Professional Issues Committee

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