December 5, 2014

Mr. David R. Bean
Director of Research and Technical Activities
Project No. 33-2ED
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 (GFOA) in response to the Governmental Accounting Standards Board’s (GASB) exposure draft (ED) on Implementation Guide No. 20XX-1. 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 appreciates the GASB’s efforts to broaden the due process required for the issuance and revision of implementation guides. As stated in our response to the exposure draft (ED) on The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GFOA has been a long-time proponent of this change. We are supportive of the conclusions reached on most of the questions and answers. However, we believe that the final implementation guide would benefit from some additional changes. Our specific suggestions follow.

Suggested revision to ensure consistency with other GASB guidance.

7.23.16: The guidance provided here is inconsistent with the guidance offered in question 7.23.11, which specifies that interfund advances are not capital-related debt for the purpose of calculating the amount to be reported as net investment in capital assets. The fact that a blended component unit is involved should have no effect, since GASB Statement No. 61, Financial Reporting Entity: Omnibus, paragraph 9 specifically directs that “for financial reporting purposes, funds of a blended component unit have the same financial reporting requirements as a fund of the primary government.” Furthermore, the guidance on the elimination of capital leases between funds of the primary government and blended component units would seem to make the issue moot.

Suggested revisions for clarification

1.4.7: Revise the question to focus on situations where the accounting and management of a government’s investments are performed by separate officials rather than centralized. Also, given structural differences (e.g., counties changing to a county manager/county council structure) revise the question to discuss the type of government in broader terms and then provide an example of the type of government structure where this question would be most likely to arise.
2.4.1. & 2.4.2: Combine these questions into a single question on reporting cash flows.


7.22.14: The answer should be revised to make it clear that the option to report or not report conduit debt remains open regardless of whether the conduit debt liability was previously reported.

9.24.6: The GASB should clarify that “other adjustments” would not include related deferred outflows and inflows of resources, which are separate financial statement elements in their own right, rather than contra accounts.

**Suggestions for relocating guidance**

5.163.6: Relocate the numbers and their use in determining an employer’s proportion of contributions to the nonauthoritative illustrations.

Z.54.18. and Z.54.59: Relocate to the nonauthoritative illustrations as they are essentially sample calculations of the components of fund balance.

**Suggested deletions because at least a portion of the answer simply restates the standard**

The ED proposes numerous changes to eliminate situations where at least a portion of the answer simply restates guidance from the related standard. We believe there are additional instances where such a deletion should be made, but has not been proposed:

2.7.1: The entire question and answer as it restates paragraph 17.
3.4.1.: The portion of the answer that restates paragraphs 10-12 and 76.
3.6.1: The entire question and answer that restates paragraphs 76.
3.31.1: The entire question and answer as it restates paragraph 49e.
4.13.1: The entire question and answer as it restates paragraph 14.
4.30.1: The portion of the answer that restates paragraph 53.
7.2.1: The entire question and answer as it restates the applicability discussion from the standard.
7.8.4: The entire question and answer as it simply references paragraphs of the standard.
8.9.3: The portion of the answer that simply restates paragraph 9.
8.22.1: The portions of the answer that restates paragraph 13a(2).
10.20.2: The entire question and answer as it restates paragraph 31.

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  
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