



**Government Finance Officers Association**

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Mr. David R. Bean  
Director of Research and Technical Activities  
Project No. 24-16d  
Governmental Accounting Standards Board  
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Norwalk, Connecticut 06856-5116

Dear Mr. Bean,

On behalf of the Government Finance Officers Association of the United States and Canada (GFOA), we thank the Governmental Accounting Standards Board (GASB) for the opportunity to comment on the proposed Exposure Draft, *Implementation Guidance-2019*. 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:

1. Question 4.1 - The first sentence in the answer states that cash flows from irrevocable split-interest agreements should be reported in total for both the lead interests and the remainder interests in the statement of cash flows, and should not be divided between the two. We recommend clarifying that both the question and its answer apply to situations in which the government is acting as the intermediary in an irrevocable split-interest agreement, as the recording of both interests would not apply in situations when there is a third-party intermediary.
2. Questions 4.2 and 4.3 – As written, the questions ask whether the “risk free rate of return” (i.e. 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher) can be an average of index rates at different dates. The questions correctly respond no, the rate used needs to be the index rate as of the measurement date. However, there is not one agreed-upon index where governments can obtain the rate, rather there are several indexes, each of which provide rates that can vary significantly. Given the disparity in the major index rates available, GFOA feels a *better* question to address is whether the “risk free rate of return” can be an average of different index rates as of the measurement date. If the GASB agrees that using the average rate as of the measurement date is allowable, the answers could be amended to state “no, you cannot average the rates from different dates, but you can average the rates from different indexes as of the measurement date.”
3. Question 4.6 – We suggest including parentheses with the word *collective*, in both the question and the answer, consistent with the wording in questions 4.4 and 4.5.
4. Question 4.9 – Consider clarifying whether, in a governmental fund, an insurance recovery would be recognized in the same year as the related expenditures and netted against those expenditures when it is realizable, but not received during the availability period.

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5. Question 4.12 – GFOA recommends clarifying the final sentence in the answer with the following modification: “The amount that should be reported in fund balance related to the long-term portion of notes receivable is the *net* amount, if any, of the long-term portion of notes receivable, reduced by the amount of the related deferred inflow of resources.”

Thank you, again, for the opportunity to comment on this proposal and we would be happy to respond to any of your questions. Please feel free to contact GFOA’s Director of Technical Services, Michele Mark Levine, by telephone at 312.977.9700 ext. 6101 or email at [mlevine@gfoa.org](mailto:mlevine@gfoa.org).

Sincerely yours,



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



Diane B. Allison, CPA, CGFO, Vice-Chair  
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