



February 4, 2019

Mr. David Bean, Director of Research and Technical Activities  
Governmental Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5116

RE: Project No. 24-16d *Implementation Guidance Update-2019*

Dear Mr. Bean:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments to the Governmental Accounting Standards Board (GASB) on its Exposure Draft of *Implementation Guidance Update - 2019*.

The FMSB is comprised of 19 members (list attached) with accounting and auditing backgrounds in federal, state and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members but does not represent all AGA members. Local AGA chapters and individual members are also encouraged to comment separately.

We appreciate the GASB's continued effort in setting and providing clarification of the standards relating to the State and Local Governments. We have reviewed the Exposure Draft and have a few comments.

Paragraph's 4.2 and 4.3 - We suggest GASB consider combining these two paragraphs into one question and answer (Q&A). While we understand why GASB is proposing two separate Q&A's due to Plan and Employer perspectives, the titled section specifically states "Plan and Employer Accounting and Reporting" provides enough basis for a user of the *Implementation Guide* to determine the proper section as well as the answer is the same for each question.

Paragraph 4.4 - We recommend the GASB provide a yes or no answer. The question asks for a specific response. Under the current proposed wording the reader must do further analysis to get to the end of the explanation to determine whether the answer is yes or no.

Paragraph 4.9 – We also recommend a yes or no answer be added here. We also noted the criteria for recognizing insurance recoveries is "realized or realizable." However, this does not match the "measurable and available" revenue recognition criteria for governmental funds. GASB 42, paragraph 21 provides an example of realizable, which would appear to result in situations where an insurance recovery would not meet modified accrual revenue recognition criteria, while meeting the "realized or realizable" criteria to be netted against the expenditure. We believe this conflict needs to be resolved or addressed by explaining why the difference in recognition criteria is acceptable.

Paragraph 4.10 – Some FMSB members are concerned with this question for a number of reasons. First, there is a companion project initiating for a potential *Omnibus* statement to be exposed in the spring and potentially finalized later this year. By releasing 'category B' guidance prior to 'category A' guidance, the provisions of

GASB-76, par. 5 [GASB Cod. Sec. 1000.102] are not followed. We suggest the *Omnibus* project be completed prior to this question being inserted into *Implementation Guidance*. Second, pension contributions have long been predicated on cash contributions. The consideration in the fact pattern is \$0. Therefore, the provisions of GASB-69, par. 11, [GASB Cod. Sec. Co10.108] also does not seem to apply (among other paragraphs). We suggest the Board finalize the *Omnibus* first, realizing the ramifications of allowing a contribution in non-cash assets. For example, if a State wants to contribute an infrastructure system with a carrying value of billions of dollars, would that satisfy all contributions toward a net pension liability?

Paragraph 5.3 – We recommend that GASB remove the last question and add “No” to the answer paragraph and use the rest of the paragraph to address how this type of transactions should be reported. We also believe that the reference to GASB-48, par. 15 be removed until the issues we raise on paragraph 4.10 are resolved.

We appreciate the opportunity to comment on this document and will be pleased to discuss this letter with you at your convenience. If there are any questions regarding the comments in this letter, please contact Lealan Miller, Chair at [lmiller@eidebailly.com](mailto:lmiller@eidebailly.com) or at 208-383-4756.

Sincerely,



Lealan Miller, CGFM, CPA  
Chair- AGA Financial Management Standards Board

cc: John H. Lynskey, CGFM, CPA, AGA National President

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