

**Government Accounting Standards Board  
Director of Research and Technical Activities**

Project: 25-19 on Technical Corrections  
Amending GASB, 10, 62  
Director@Gasb.org

Comments By: Dr. Joseph S. Maresca CPA, CISA

Colleagues,

Thank you for the opportunity to critique this technical correction series. Details follow:

Critique

---

***On amendments to Statement 10, footnote 12 is retained to clarify a reference to an internal service fund, Par. 65 pp. 1***

For instance, services provided to other municipal funds may be budgeted and accounted separately in *Internal Service Funds*. These activities may be administered by Public Works or Administrative Services Departments.

**Amendments to Statement 62 conclude that straight line is still available as a cost benefit to fair value. Specific guidance not allowing the use of the fair value method is permitted in Statement 13 6B for operating leases which vary from the straight line method. p. 2, 6**

Clearly, the Board considered practicality in implementation in allowing the straight line as a cost benefit.

**#20- The Board concludes that there is no compelling reason to prohibit the Special Revenue Fund for risk financing activities.**

*If a governmental entity other than a pool uses a single fund to account for its risk financing activities, that fund should be either the general fund or an internal service fund. Both funds must use the method described above for calculating claims liabilities. However, if an internal service fund is used, the entity also may use an actuarial method, including a provision for future catastrophe losses, to calculate the amount that the internal service fund charges other funds of the entity. Charges made on that basis should be reported as revenue in the internal service fund and as expenditures/expenses in the other funds of the entity. Charges in excess of those amounts should be reported as operating transfers. 1)*

**On Purchase of a Loan #5 Par. 442- the first sentence is to be retained. The initial investment in a purchased loan (s) should include the amount paid to the seller plus fees paid or less fees received.**

I agree.

References:

1) <http://www.gasb.org/st/summary/gstsm10.html>