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January 24, 2025

Governmental Accounting Standards Board
801 Main Avenue
Norwalk, CT 06856

RE: Comments on GASB Project No. 24-16h, Exposure Draft – *Implementation Guidance Update - 2025*

The Financial Management Standards Board (FMSB) of the AGA appreciates the opportunity to provide comments on the Governmental Accounting Standards Board's proposed standards. Our comments on new and amended questions and answers are included below:

Question 4.1 related to cash flows reporting

We agree with this answer.

Question 4.2 related to the format of management's discussion and analysis

We agree with this answer.

Although we are supportive of the answer to question 4.2, we struggled to see how GASB 103 paragraph 8 sets forth this requirement and therefore question whether this would be more appropriate as a change to Category A GAAP.

Question 4.3 related to capital assets

We agree with this answer.

Questions 4.4–4.6 related to operating and nonoperating revenues and expenses

We agree with these answers. However, we found questions 4.5 and 4.6 to be difficult to follow.

Questions 4.7-4.9 related to the definition of subsidies

We agree with these answers.

Although we are supportive of the answer to question 4.7, we struggled to see how GASB 103 sets forth this requirement and therefore question whether this would be more appropriate as a change to Category A GAAP. Alternatively, if the answer is intended to be based on GASB Codification 2200.191 requirements for capital contributions, then this explanation should be included in the answer for clarity.

Finally, the answer to question 4.8 may be improved by clarifying that it applies to both proprietary funds and stand-alone business-type activities.



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Questions 4.10-4.12 related to leases

We agree with these answers.

Question 4.13 related to conduit debt

We agree with this answer.

Questions 4.14-4.17 related to accounting changes and error corrections

We agree with these answers.

Since a change in accounting policy is not always considered a change in accounting principle, we appreciate that the Board is addressing this common situation specifically in question 4.14. This answer might be further improved by clarifying how to account for such a change. For example, “Instead, the government should apply a change in capitalization threshold prospectively.”

Also, although we are supportive of the answer to question 4.15, we struggled to see how GASB 100 paragraph 31 sets forth this requirement and therefore question whether this would be more appropriate as a change to Category A GAAP. Alternatively, if the answer is intended to be based on GASB Codification 2300.103, then this citation should be included in the answer for clarity.

Finally, we request that a question be added with the opposite fact pattern to question 4.16 to address how a change in a fund’s presentation from nonmajor to major should be displayed.

Question 4.18 related to compensated absences

We agree with this answer.

Question 4.19 related to the effective date of GASB 103 for component units

We agree with this answer.

Question 5.1 regarding title to an asset and asset ownership

We agree with these amendments

Question 5.2 related to the use of special revenue funds

We understand that the existing answer does not encompass the portion of GASB Codification 1300.119 that states “use of special revenue funds is not required unless they are legally mandated.” However, we disagree with amending the question to include this statement.

It is our understanding that this passage should have been superseded by GASB 54, paragraph 30, but was mistakenly omitted from the codification instructions. Our view is that even if there is a legal mandate to report a special revenue fund, it would still need to meet special revenue fund criteria for purposes of financial reporting under GAAP. For example, if the resources are legally restricted to be used for debt



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service or capital projects, or if the legally restricted resource was not a substantial portion of the inflows reported in the fund, it would not be appropriate to report as a special revenue fund.

Therefore, we recommend that either no amendment be made or that Question Z.54.30 be removed entirely until such time as the GASB can correct the passage from the Codification in a future Omnibus Statement.

Paragraphs 6 and 7 related to effective date and transition provisions

We are unclear on why questions 4.16 and 4.17 are not effective upon issuance. These questions clarify the appropriate display for changes in major funds under GASB 100, which is effective for fiscal years beginning after June 15, 2023. Given the nature and significance of these questions and answers, we believe this clarification needs to be effective immediately. Otherwise, there may be uncertainty as to whether that aspect of GASB 100 or method of display is intended to be required at the time of initial implementation, or if it may not be required for an additional two years.

Other Comments:

We appreciate the inclusion of Appendix B with tracked changes for previously issued questions and answers. This is very helpful for understanding and evaluating the changes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott DeViney', with a stylized, looping flourish at the end.

Scott DeViney, CPA
Chair, Financial Management Standards Board



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AGA
Financial Management Standards Board

The FMSB comprises the following 22 members 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. The purpose of the FMSB is to advocate for the improvement of accounting and financial reporting standards at all levels of government and thus advance government accountability. The views of the FMSB do not necessarily represent those of AGA. Local AGA chapters and individual members are also encouraged to comment separately.

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