



September 14, 2015

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

Dear Mr. Bean:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers, we appreciate the opportunity to respond to the Governmental Accounting Standards Board's Exposure Draft (ED), *Accounting and Financial Reporting for Irrevocable Split-Interest Agreements*.

We generally agree with the provisions of the ED and believe the requirements will enhance comparability of financial statements among governments by providing recognition and measurement guidance related to irrevocable split-interest agreements. However, we have the following specific comments that we believe the Board should consider as it finalizes this statement.

*Paragraphs 10, 12, 19 and 28*

In recently issued Statements 73, 74 and 75, guidance was provided for recording liabilities in governmental funds. No such guidance is provided in this ED. The liabilities that would be recorded under these paragraphs will most likely be considered long-term. However, the ED does not specifically address the recognition of these liabilities in funds that are presented using the current financial resources focus and the modified accrual basis of accounting. We request that guidance be included in the standard.

*Paragraph 12*

We request that the Board clarify the first sentence by revising it to read: "When a government is the intermediary and is the remainder interest beneficiary..." We believe adding this phrase will make the paragraph clearer. This also parallels the wording in paragraph 33 that clarifies a situation when the government is **not** the intermediary.

*Paragraph 27*

The paragraph states that the "guidance provided in paragraphs 27-31 should be applied under both the current financial resources measurement focus and the economic resources measurement focus when the donated asset is reported as an investment." However, the proposed statement does not discuss measurement focus elsewhere. As a result, we are uncertain if it is the Board's intention for other provisions of the proposed statement to apply under both measurement focuses. If guidance in the proposed statement is only applicable under both measurement focuses for life-interests in real estate reported as an investment, please clarify in the final standard as to which measurement focus would be applicable for other types of split-interest agreements.



*Paragraph 34e*

We believe the term “control” may have differing meanings throughout different GASB statements, and we recognize paragraph B20 explains how the term “control” is being defined for these types of transactions. However, since paragraph B20 will not be explicitly included in the codified version of this standard, we ask that the Board explicitly reference paragraph 13 of Concepts Statement 4 to bullet 34.e so the meaning of “control” in the context will be clear.

*Paragraph 37*

For consistency with the previous paragraph, we recommend inserting the phrase “previously recognized” in the first sentence so that it would read: “If a government is entitled to a remainder interest, the previously recognized asset should be reduced at the termination of the agreement for the amount received.”

*Paragraph B12*

Editorial comment: the word inflow is misspelled “in flow” in the penultimate sentence.

*General Comment*

Footnote one states: “Terms defined in the glossary are printed in boldface type the first time they are used in this Statement.” The term “unitrust” appears in boldface type within paragraph 8, but is not included in the glossary. Therefore, we request that “unitrust” be added to the glossary.

We appreciate the opportunity to provide our comments. Should you have any questions or need additional information regarding our response, please contact Kim O’Ryan of NASACT at (859) 276-1147 or me at (515) 281-4877.

Sincerely,

Calvin McKelvogue  
President, NASACT  
Chief Operating Officer, Iowa