



November 21, 2019

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), *Replacement of Interbank Offered Rates*.

We generally agree with the provisions of the ED and believe the guidance will be effective in maintaining the relevance, reliability, consistency and comparability of financial statements. However, we have the following specific comments that we believe the Board should consider as it finalizes this statement.

Paragraph 4

We request that the Board clarify that the exception is only allowed when the hedge is effective before (as of the end of the reporting period of the change) and after the change in reference rate. Paragraph B4 ("...when an IBOR is replaced, the continuation of hedge accounting should be limited to those circumstances in which an existing effective hedging relationship continues and certain other criteria are met.") states this more clearly than the current language in paragraph 4, and thus could result in different interpretations.

Paragraph 11

We request that "reference" be added to the paragraph to read: "...changing the reference rate or adding or changing fallback provisions..." This matches the language used in paragraph 6.

Paragraph B19

We believe the first sentence should state: "... the occurrence of the expected transaction should be probable."

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 (802) 828-3322.

Sincerely,

Beth Pearce
President, NASACT
State Treasurer, Vermont