



January 20, 2023

Mr. Alan Skelton
Director of Research and Technical Activities
Governmental Accounting Standards Board
801 Main Avenue
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Mr. Skelton:

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), *Implementation Guidance Update-2023*.

We generally agree with the provisions of the ED and believe the requirements will improve consistency in financial reporting across governments. However, we have the following specific comments that we believe the Board should consider as it finalizes this statement.

Paragraph 4.4

To ensure that preparers understand that interest expense should be recognized over the entire lease term, including in each of the years for which they prepaid, we suggest adding "each of" to the question, "Should the government recognize interest expense during each of the first three years of the lease?"

Paragraph 4.8

We believe it would be helpful if the Board expanded upon this guidance to also address the accounting associated with payments made in the first two years. Providing this additional guidance would aid the understanding of the standard and consistency in its application, particularly since GASB Statement No. 96 does not have a standalone implementation guide.

Paragraph 4.9

We request that the Board also provide an example where the provisions of Statement No. 100, paragraph 9.a., would apply, i.e., a situation where the addition or removal of a fund resulted from the movement of continuing operations within the primary government and would thus constitute a change to or within the financial reporting entity. We believe an illustration would promote understanding and consistency in application.

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 (217) 782-2211.

Sincerely,

Michael Frerichs
President, NASACT
State Treasurer, Illinois