



September 14, 2021

Mr. Alan Skelton  
Director of Research and Technical Activities  
Project No. 37-1  
Governmental Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Mr. Skelton:

Members of the American Institute of Certified Public Accountants (AICPA) State and Local Government Expert Panel have reviewed the Governmental Accounting Standards Board (GASB) Exposure Draft (ED), *Omnibus 20XX*, and are pleased to offer our comments. Overall, we support the Board's efforts to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature. While we generally agree with the proposed guidance, we do have one significant concern that appears in the following section. Our remaining comments and recommendations are in the "Other Comments" section of the letter below.

**Significant Concern**

**Provide Additional Revenue Recognition Guidance for Financial Guarantees**

We support the provisions in paragraphs 4-7 that align the guidance for exchange or exchange-like financial guarantees in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, with the guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. However, given the lack of guidance on how revenue should be recognized for the consideration received by a guarantor government, we believe this would continue to lead to an inconsistency in practice related to revenue recognition for these types of transactions. We recommend the Board provide guidance in the final standard for recognizing revenue for exchange and exchange-like financial guarantees.

**Other Comments**

**Scope Clarification**

Paragraph 8 of the ED provides guidance on derivative instruments that are within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, but do not meet the definition of an investment derivative instrument or the definition of a hedging derivative instrument. As discussed in paragraph B12 of the Basis of Conclusion, the definition provided by GASB Statement No. 53 was amended by GASB Statement No. 72, *Fair Value Measurement and Application*. To provide clarity, we recommend that the Board revise paragraph 8 of the ED to include “as amended by Statement 72” as illustrated below in bold:

8. For derivative instruments that are within the scope of Statement 53, **as amended by Statement 72**, but do not meet the definition of an investment derivative instrument or the hedging derivative instrument:
  - a. Changes in fair value should be reported on the flow of resources statement<sup>1</sup> separately from the investment revenue classification.
  - b. Information presented in notes to financial statements should be distinguished from information about hedging derivative instruments and investment derivative instruments.
  - c. Governments should disclose the fair values of derivative instruments that were reclassified from a hedging derivative instrument, as provided in paragraphs 9 and 10 of this Statement, and should apply the provisions in paragraph 76 of Statement 53, as amended.

**Disclosure of Nonmonetary Transactions**

Paragraph 28 of the ED discusses disclosures of nonmonetary transactions. We found this paragraph difficult to understand; however, we believe a small simplification to delete “for the period” would significantly enhance the readability and understandability of this guidance. Therefore, we recommend that the Board revise paragraph 28 of the ED as illustrated below:

28. A government that engages in one or more nonmonetary transactions during a period and that is required to apply paragraphs 272–280 of Statement 62 to those transactions should disclose in notes to financial statements ~~for the period~~ the measurement attribute(s) applied to the assets transferred, rather than the basis of accounting for those assets.

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The AICPA appreciates the opportunity to comment on the ED. This comment letter was prepared by members of the AICPA's State and Local Government Expert Panel and was reviewed by representatives of the Financial Reporting Executive Committee who did not object to its issuance. Representatives of the AICPA would be pleased to discuss these comments with you at your convenience.

Sincerely,



Michelle Watterworth  
Chair  
AICPA State and Local Government  
Expert Panel



Mary M. Foelster  
Senior Director  
AICPA Governmental  
Auditing and Accounting

cc: State and Local Government Expert Panel  
Dan Noll