



January 25, 2021

David R. Bean, CPA  
Director of Research and Technical Activities  
GASB  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

**Re: November 9, 2020 GASB Proposed Implementation Guide, *Implementation Guidance Update—2021* [Project No. 24-16F]**

Dear Mr. Bean:

The American Institute of CPAs (AICPA) is the world's largest member association representing the accounting profession, with more than 418,000 members in 143 countries, and a history of serving the public interest since 1887. One of the objectives that the Council of the AICPA established for the Private Company Practice Section (PCPS) Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective. These comments, however, do not necessarily reflect the positions of the AICPA.

TIC appreciates the efforts of the Board to provide guidance that clarifies, explains, or elaborates on GASB Statements, in particular by adding some additional questions and answers on the new lease standard. TIC's detailed responses to some of the questions and answers posed in this IG update are as follows.

#### Question 4.3

TIC suggests the answer to this question provide additional information about when an outflow of resources would be recorded in this scenario. If upon distribution to employees, it would be helpful to specify if that means crediting the employee participant accounts or, rather, disbursing the cash to the participants.

TIC also would find it helpful if the question and response would address if the timing of recognition would be different with or without a right of return of the resources from the third-party administrator to the government.

#### Questions 4.4 and 4.5

TIC believes it would be helpful if the guidance for the actual recording of this transaction (debits and credits) was included in the answer. Assuming all of the cash is deposited in an account maintained by a county governmental fund, is this response suggesting that the state's portion of the actual cash needs to be transferred into a cash account maintained by the fiduciary fund? If not, should a due from the governmental fund be recorded for each amount due to the state throughout the year, with a corresponding inflow of resources to the fiduciary fund and an outflow when the state is actually paid?

Under the scenario noted above, the only asset related to this transaction that would be recorded by the fiduciary fund would be a receivable from the general fund, not the type of asset usually expected in fiduciary funds. It would seem the process could be simplified by having the governmental fund record a payable to the state for its share instead of a payable to the fiduciary fund.

#### Question 4.8

TIC believes it would be helpful if the answer provided guidance that addresses the scenario whereby a lease with an insignificant fixed payment (or even with no fixed payment) is not recorded due to the fixed payments being immaterial (or zero).

TIC also was curious as to whether a note disclosure regarding the variable payments still would be required, even if the lease was not recorded in accordance with GASB 87 due to immateriality. TIC believes this clarification would be helpful.

#### Question 4.18

The response to this question includes an answer about remeasurement of the lease, but the answer does not clarify what the lease term and lease receivable is in this scenario. TIC believes this scenario is going to be very common and closing the loop by answering what the term and payment is will be beneficial to financial statement preparers.

#### Question 4.25

TIC believes it would be helpful if the answer clarified what factors to consider in reassessing the discount rate if an implicit rate is being used. For example, should the new rate reflect general interest rate changes since lease inception, a change in the creditworthiness of a lessee or lessor, a change in the length of the remaining lease term, etc.?

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Danielle Supkis-Cheek". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

Danielle Supkis-Cheek, Chair  
On Behalf of the PCPS Technical Issues Committee