



October 6, 2015

Mr. David R. Bean
Director of Research and Technical Activities
Project No. 3-28E
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Bean:

The American Institute of Certified Public Accountants (AICPA) has reviewed the Governmental Accounting Standards Board (GASB) Exposure Draft (ED), *Blending Requirements for Certain Component Units* and is pleased to offer its comments. We support the Board's proposal to amend GASB Statement No. 14, *The Financial Reporting Entity* to add a new blending criterion for component units organized as not-for-profit corporations in which the primary government is the sole corporate member. This additional blending criterion will address a gap in the current GASB literature and promote more consistency in financial reporting.

In addition, we strongly support the Board's development of clarifying guidance informing governments to assume that being the sole corporate member of an LLC is equivalent to having substantively the governing body (i.e., that blending is appropriate) as discussed in paragraph B7 of the ED. Including a question and answer in the next edition of the Implementation Guide will greatly enhance consistency in financial reporting.

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,

Jeffrey N. Markert
Chair
AICPA State and Local Government
Expert Panel

Mary M. Foelster
Director
AICPA Governmental Auditing and
Accounting

cc: State and Local Government Expert Panel
Jim Dolinar
Dan Noll