



November 21, 2016

Mr. David R. Bean  
Director of Research and Technical Activities  
Project No. 37E  
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), *Omnibus 201X*, and is pleased to offer its comments. We support many of the changes proposed in the ED. However, we do have several concerns that are outlined below. Our main concern relates to the early implementation provisions of the ED.

Additionally, our final comment below details a global recommendation based on our review of this and several other recent EDs that we have found very difficult to follow when reviewing independently from the GASB's Codification. We strongly encourage the Board to address the issue by providing a markup of the Codification sections in future EDs and standards.

**Clarify Early Implementation Provision.** We recommend the Board amend the effective date guidance in paragraph 26 of the ED to permit early application of certain topics of the ED. As currently drafted, it is unclear whether a government may early implement for certain topics or if it should implement the Statement in its entirety. Unlike most standards that address one topic, this ED addresses a wide variety of practice issues including component unit presentation, goodwill, fair value measurement and application, and postemployment benefits. We believe that governments may have a more pressing need to implement certain aspects of the guidance (e.g., correction of negative goodwill in paragraph 5 of the ED), but may not want to early implement the entirety of the final Statement.

**Delete Section on Blending Component Units.** We recommend the Board eliminate the proposed guidance in paragraph 4 of the ED relating to blending component units in governments engaged only in business-type activities that use a single column. We believe it is more appropriate for the Board to include this guidance as a new question in the next *Implementation Guide* edition because it is not amending a Statement, but rather clarifying the Board's intent.

**Fair Value Measurement and Application Section.** We recommend paragraph 6 of the ED be revised to reference the full guidance on application of the definition of an investment in paragraphs 64-68 of Statement 72, *Fair Value Measurement and Application*, rather than solely referencing the definition in paragraph 64 of GASB Statement No. 72. As currently drafted, it is unclear when the determination as to the purpose of the asset (e.g., held for income or profit) should be made. We believe the determination of whether the asset meets the definition of an investment should be consistent with all the relevant paragraphs in Statement No. 72.

**Include a Full Markup of GASB Codification to Improve Understanding of Proposed Changes.** We strongly recommend the Board include a markup of relevant Codification sections for all future EDs as we find the current format used by the Board to be very challenging with regard to understanding changes being proposed. Such a markup would provide improved transparency and understanding of the proposed changes. While this ED was particularly challenging to read due to the diversity in topics, our observations are also applicable to other EDs we have recently reviewed. Since many standards update and amend existing guidance, rather than supersede, we have found using the Codification to be a better resource to attempt to understand the guidance in an appropriate context. However, we have encountered difficulty utilizing the Codification Instructions.

The standards portion of this and other EDs are challenging to understand in terms of what the proposed changes are when read in a stand-alone format. In order to prepare this letter, we had to read the standards section in conjunction with the Basis for Conclusions and the Codification Instructions to fully understand the nature of the changes and how they impact existing guidance. Our concerns with this approach are as follows:

- The time required to read, process, and understand the changes proposed in GASB EDs is substantial.
- Many users read only the standards section of GASB EDs or in final Statements and changes noted in the Codification Instructions may go unnoticed.
- It takes a very close review of the Codifications Instructions to identify certain nuances or changes. If reviewers do not perform a thorough review of the Codification Instructions the full impact of proposed changes may not be understood.

Providing a markup of the Codification in the Codification Instructions section would improve visibility of changes, help to expedite an understanding of the proposed changes by all users, as well as make the review process of GASB EDs and standards more efficient. We hope GASB will consider this recommendation in future EDs.

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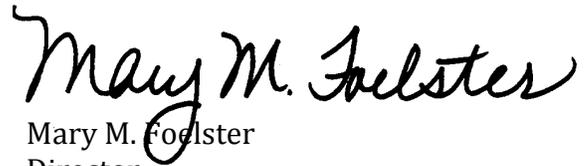
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The AICPA appreciates the opportunity to comment on the ED. This comment letter was prepared by members of the AICPA's State and Local Government Expert Panel and was reviewed by representatives of the Financial Reporting Executive Committee who did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

Sincerely,



Heather S. Acker  
Chair  
AICPA State and Local Government  
Expert Panel



Mary M. Foelster  
Director  
AICPA Governmental Auditing and  
Accounting

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