



**Doug A. Ringler, CPA, CIA**  
Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • [audgen.michigan.gov](http://audgen.michigan.gov)

February 27, 2019

Mr. David R. Bean  
Director of Research and Technical Activities, Project No. 3-13  
Governmental Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Mr. Bean:

We appreciate the opportunity to respond to the Governmental Accounting Standards Board's exposure draft of a proposed implementation guide entitled *Fiduciary Activities*. We commend the Board on the variety of questions in the guide, particularly those addressing activities in school districts. We anticipate many preparers and auditors will benefit from the guide. We offer the following comments specific to question 4.11 regarding the seizure of certain assets:

We agree that the seizure of cash and financial assets presented in the question does meet the control criteria of paragraph 12 of Statement 84 and therefore should be accounted for as a fiduciary activity. However, the last sentence of the answer suggests that a "related liability" would be reported "until a judgment is rendered." We consider recognition of a liability "until a judgment is rendered" as contrary to the guidance in paragraph 21 of Statement 84. That paragraph, in part, states that "a liability to the beneficiaries of a fiduciary activity should be recognized in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources." Therefore, we would expect a liability in the fiduciary fund to be recognized only when a judgment against the alleged perpetrator has been rendered. We suggest the last sentence in this question be amended to appropriately reflect the recognition of a liability in accordance with Statement 84.

Additionally, we note that this question is carefully limited to cash and financial assets. We note that many valuable nonfinancial assets such as vehicles and weapons are also seized during the commission of a crime. We urge the Board to also provide implementation guidance on nonfinancial assets.

Sincerely,

A handwritten signature in black ink that reads "Doug Ringler". The signature is written in a cursive, flowing style.

Doug Ringler  
Auditor General

cc: C. Murray, CPA, CIA

Via e-mail