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To: Director - GASB

Subject: Comments to Project No. 3-23 Reporting Items Previously Recognized as Assets and Liabilities

due 11.18.2011

As a member of the public using the Financial Reports, we are interested in understanding how.

With that, how does:

Sales of Future Revenues and Intra-Entity Transfers of Future Revenues
Sales of Future Revenues
Debt Issuance Costs
Leases
Sale-Leaseback Transactions
Loan Origination Fees and Costs
Fees Relating to Loans Held for Sale

reflect Public Private Partnership transactions in which the entire "deal" is realized in one year, with no future receivables. There is no Present Value calculated for deferrals, so how does this work. Intra-entity can involved non-profit corporations or Joint Powers Authorities JPA set up for short-term financing.

As a sample, Staples Center is a Public Private Partnership financed by the Los Angeles Convention and Exhibition Center Authority JPA between the City of Los Angeles and the County of Los Angeles. The operator, Los Angeles Arena Land Company (AEG Anshutz Entertainment Group related) receives the revenues.

The LA Convention Center is operated by LA Inc., a Public Private Partnership. (We cannot determine the income and expenses of the Convention Center from the City's financial reporting currently.)

AEG intends to operate the Convention Center, the Staples Center and the proposed NFL Stadium. How would Sales of Future Revenues be projected as a Deferred Inflow when the deals were so different.

Another example is a former armory in a City park given no bid to a non-profit corporation to operate with no money exchanged or future revenues even discussed.

Example for the City of Los Angeles is MICLA Municipal Improvement Corporation of Los Angeles which performs lease and leasebacks between the City and themselves. MICLA borrows short-term, without requirements of a Vote of the People. Loans between City departments and MICLA occurs. What exactly is the change in reporting. MICLA owns the assets, not the City. MICLA was legislated to incorporate by the City.

How are subordinated loans handled.

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