Letter of Comment No. 20 File Reference: 3-20PV Date Received: 9/30/11



# FLORIDA GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.

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**JEANNIE GARNER**Executive Director

September 29, 2011

Director of Research and Technical Activities Project No. 3-20 Governmental Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

Via email: <u>director@gasb.org</u>

Dear Sir:

On behalf of the Florida Government Finance Officers Association (FGFOA), we are pleased to respond to the Government Accounting Standard Board's (GASB) Invitation to Comment on the preliminary views, *Recognition of Elements of Financial Statements and Measurement Approaches* (the "PV"). These comments were prepared based on a review by the FGFOA members, its Technical Resources Committee, and the Board of Directors.

We have reviewed the PV and are pleased to inform you that we generally concur with the concepts as presented in the PV. However, because of the importance of concept statements setting the ground work for subsequent accounting and reporting standards we wanted to take this opportunity to express the following concerns to the Board;

- 1. We believe that the current reporting model which utilizes both economic resources measurement and current financial resources measurement should be maintained. We feel this information, specifically the current financial resources measurement basis, is and has been a useful tool for governments to manage fund activities as well as report the results of those activities and the financial position of governmental funds. Educated users of government financial statements understand the differences and are able to evaluate an entity at the fund level. The government wide statements provide additional financial statements to evaluate the financial condition of a government overall. We believe the Board should maintain this "two tier" reporting model.
- While an important accounting and reporting goal, comparability should not be an overriding factor by the Board in its decisions related to financial statement elements or measurements. Governments are too varied in structure, activities, and goals to make comparability a significant factor when considering elements and measurement approaches. While financial information should always seek to provide comparability, the reality is that each government must be evaluated in greater detail to determine if it is accomplishing the service and financial goals of its citizens. Educated readers of government financial statements in our opinion understand this and evaluate governments accordingly.

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3. While we concur that in some cases it makes financial accounting and reporting sense to remeasure financial statement elements such as investments, we believe the Board should take great caution in expanding this approach. Financial decisions of government entities are often driven by factors other than economic ones. Remeasurment of financial statement elements therefore, may result in financial positions that indicate poor management when in fact management, governance and the citizens of a community may have made a financial decision considered to be in its best interests.

We would like to thank the GASB for their efforts in preparing ED and for the opportunity to respond. Feel free to contact me at (941) 954-4185 or Christopher.Lyons@Sarasotagov.com

Sincerely,

Christopher H. Lyons

Christopher Lyons FGFOA President