



FLORIDA GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.

Since 1937

P.O. Box 10270 • 301 South Bronough Street, Suite 300 • Tallahassee, Florida 32302-2270
Telephone: (850) 222-9684 • Fax: (850) 222-3806 • Web Page: www.fgfoa.org

Letter of Comment No. 12
File Reference: 3-23E
Date Received: 11/18/11

2011-2012 OFFICERS

President

CHRISTOPHER LYONS, CPA, CGFO, CPFO
Finance Director
City of Sarasota
(941) 954-4185
christopher.lyons@sarasotagov.com

President – Elect

MARY ANDERSON PICKLE, CGFO
Deputy Finance Administrator
City of Palm Beach Gardens
(561) 799-4164
manderson@pbgfl.com

Secretary/Treasurer

DIANE REICHARD, CPA, CGFO, CPFO
Finance Director
City of Temple Terrace
(813) 506-6410
dreichard@templeterrace.com

DIRECTORS

LINDA S. HOWARD, CPA, CTP, MBA
Treasurer
Orlando Utilities Commission
407.434.2168
lhoward@ouc.com

SARAH KOSER, CPA, CGFO, CPFO

Finance Director
Citrus County – CCC
(352) 341-6449
skoser@clerk.citrus.fl.us

JAMES LEWIN

Fiscal Analyst
Lee County Budget Services
(239) 533-2300
lewinj@leegov.com

KENT OLSON, CGFO

Budget Officer
City of Jacksonville
(904) 630-1286
kolson@coj.net

MARY-LOU PICKLES, CGFO, CMA

Revenue Accountant
St. Johns River Water Management District
(386) 329-4279
mpickles@sjrwm.com

TIM POZZA, CPA, CIA, CMA

Internal Audit Director
Okaloosa County - CCC
(850) 689-5000, ext. 3421
tpozza@clerkofcourts.cc

GEORGINA RODRIGUEZ, CPA, CGFO

Finance & Budget Director
Town of Pembroke Park
(954) 966-4600 X232
grodriguez@townofpembrokepark.com

TED SAUERBECK, CPA, CGFO

Deputy Auditor General
State of Florida – Office of The Auditor General
(850) 487-4468
tedsauerbeck@aud.state.fl.us

JEANNIE GARNER

Executive Director

November 8, 2011

Director of Research and Technical Activities
Project No. 3-23
Governmental Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Via email: director@gasb.org

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 exposure draft: *Reporting Items Previously Recognized as Assets and Liabilities* (the "ED"). These comments were prepared based on a review by the FGFOA members, its Technical Resources Committee, and the Board of Directors.

Concepts Statement No. 4, "Elements of Financial Statements", introduced and defined the elements included in financial statements. In addition, Concepts Statement No. 4 provides that recognition of a deferred outflow of resources and a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Currently only GASB No. 53 and GASB No. 60 are authoritative pronouncements.

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concept Statement No. 4 also identifies Net Position and GASB No. 63 amends the Net Asset reporting requirements in GASB No. 34 by renaming Net Assets as Net Position. GASB No. 63 was mainly addressing the Economic Resources Measurement Focus and not the Current Financial Resources Measurement Focus used by Governmental Funds.

GASB issued Preliminary View "PV" on the "Recognition of Elements of Financial Statements and Measurement Approaches". The "PV" proposes to clarify when the recognition of outflows of resources and inflows of resources needs to be deferred, both under the Economic Resources Measurement Focus and under the proposed Near-Term Financial Resources Measurement Focus which would replace the Current Financial Resources Measurement Focus. Under the Near-Term Financial Resources Measurement Focus prepayments and inventories do not convert to cash in the Near-Term and would be required to use the purchases method and not the consumption method and the expenditures would be reported when made.

This "ED" "Reporting Items Previously Recognized as Assets and Liabilities" continues the process of introducing and clarifying elements of financial statements as introduced and defined by Concept Statement No. 4. This "ED" modifies the accounting and financial reporting guidance for certain items previously required to be reported as assets and liabilities to determine whether any of these items should be reported as a deferred outflow of resources, outflow of resources, deferred inflow of resources or inflow of resources. We concur with this "ED" in the reporting changes that are necessary to properly record the

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elements as Assets, Liabilities, Deferred Outflow of Resources, Outflow of Resources, Deferred Inflow of Resources or Inflow of Resources. We appreciate that this "ED" and the "PV" mentioned above have begun to address the Governmental Funds. We anticipate that this "ED" will not encompass all the necessary changes (i.e. Pensions, etc.) and further changes will be necessary as situations arise which will require the appropriate authoritative guidance.

The "ED" wants to limit the use of the term "Deferred" to Deferred Outflow of Resources and Deferred Inflow of Resources. If the term "Deferred" is limited in use to Deferred Outflow of Resources and Deferred Inflow of Resources we believe the "ED" needs to provide guidance on the terminology necessary for Liabilities that are still classified as Deferred Revenue that don't qualify to be recognized as Deferred Outflow of Resources and Deferred Inflow of Resources.

We agree with the major fund criteria as mentioned in the "ED" and that Assets should be combined with Deferred Outflows of Resources and Liabilities should be combined with Deferred Inflows of Resources for purposes of determining which elements meet the criteria for major fund determination.

It has been an ongoing process from Concept Statement No. 4 to this "ED" to introduce and define the elements of the financial statements which now include Deferred Outflows of Resources and Deferred Inflows of Resources. Hopefully this "ED" can provide as much information and clarification as possible and consider the effect of the "PV" "Recognition of Elements of Financial Statements and Measurement Approaches" which proposes the "Near-Term Financial Resources Measurement Focus".

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

Sincerely,

Christopher Lyons

Christopher Lyons