Letter of Comment No. 25 File Reference: 3-23E Date Received: 12/15/11

From: Kiehl, Anna

Sent: Wednesday, December 14, 2011

**To:** Director - GASB

Subject: Response to Exposure Draft, 'Reporting Items Previously Recognized as Assets and Liabilities

(ED)

Dear David,

I am providing you with the Commonwealth of Pennsylvania's comments on the GASB's August 17, 2011 Exposure Draft, 'Reporting Items Previously Recognized as Assets and Liabilities (ED).'

Based on our understanding of GASB's Concepts Statement 4 and pronouncements related to Deferred Outflows of Resources and Deferred Inflows of Resources to date, we agree with the provisions in the ED. We are noting that some of the specific topics included in the ED are not presently part of Commonwealth primary government operations. These topics include 'Sales of Future Revenues and Intra-Entity Transfers of Future Revenues' and 'Regulated Operations.'

We are also noting that a considerable number of the specific topics included in the ED are included in GASB Statement 62, issued in December 2010. Based on our cross-referencing and the very informative content in ED Appendix C, we are noting many instances where content within specific paragraphs of GASB Statement 62 are proposed to be amended. It would be much more difficult for us to locate specific changes from GASB Statement 62 without the 'Markup of Paragraphs That Are Significantly Modified' which is the majority of ED Appendix C, beginning with ED paragraph 114 and ending with ED paragraph 130 at the end of ED Appendix C.

It is concerning that issuing this ED to amend GASB Statement 62, only eight month's later, is necessary. Some state and local governments may have begun implementation of GASB Statement 62, as originally issued, and will have to revisit/change their direction to implement GASB Statement 62 effective for reporting periods beginning after June 15, 2012.

As we contemplate our own implementation of GASB Statement 62, we urge the GASB to issue, in final form, its standard resulting from this ED. Since the effective date for both GASB Statement 62 and the provisions within this ED are effective for our fiscal year beginning July 1, 2012, we need all requirement changes between GASB Statement 62 and this ED to be finalized by January 1, 2012 to give us the time needed to plan and implement on time.

Thank you for the opportunity to provide comments. We hope these comments are useful to you, your staff, and the Board. Please direct any questions or concerns to me at <a href="mailto:akiehl@pa.gov">akiehl@pa.gov</a> or (717) 787-6496.

Regards,

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