May 31, 2012

Via U.S. Mail & Electronic Mail
Director of Research and Technical Activities
Project No. 3-17
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: Project No. 3-17

Dear Director:

On behalf of the nearly 21,000 members of the Pennsylvania Institute of Certified Public Accountants (PICPA), thank you for the opportunity to review and comment on the Government Combinations and Disposals of Government Operations. The PICPA Committee on Local Government Accounting and Auditing, GASB Subcommittee, has reviewed the proposed statement.

We concur with the Exposure Draft and appreciate the detailed guidance for Government Combinations and Disposals of Government Operations.

We have one comment—paragraphs 39 and 40 notes that when the consideration provided exceeds the net position the acquiring government should report the difference (basically “the loss”) and a deferred outflow and amortize it over future periods. In contrast, when consideration provided is less than the net position acquired, the government should report the difference by reducing the acquired assets and then record any difference as a special item to the income statement. We thought that the special items (essentially the remaining “gain”) should also be amortized over future periods.

Thank you, and please do not hesitate to contact Peter Calcara, CAE, PICPA vice president—government relations, at 717.232.1821 or pcalcara@picpa.org with questions.

Respectfully submitted,

Cynthia Bergvall, CPA, Chair
PICPA GASB Subcommittee