June 15, 2012

Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Project No. 3-17

Via email: director@gasb.org

Dear Sir:

On behalf of the Florida Government Finance Officers Association (FGFOA), we are pleased to respond to the Governmental Accounting Standards Board’s (GASB) Invitation to Comment on the exposure draft; Government Combinations and Disposals of Government Operations (the ED). 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 ED and concur with the proposed guidance as presented with the exception of our comments or requests for consideration as outlined below:

Paragraph 9 – The ED notes the specific provisions of an arrangement may not clearly outline contemplation of service continuation and refers to the use of professional judgment in the consideration of the business combination. When a formal arrangement for combination does not exist we suggest the standard cite consideration of the intent of the governing body related to service continuation in the evaluation of whether a government combination has occurred.

Paragraph 17 – This paragraph suggests the new government may choose to adjust carrying values to bring the accounting principles of the merging entities into alignment. It would seem that material alignment of the accounting principles would be an essential step in providing for consistency in the accounting and financial reporting of the combination. In other sections of the ED, the guidance is more definitive as to the alignment of accounting principles. We suggest consideration of the elective language in paragraph 17 be replaced with the word “should.”

Paragraph 24 – As with paragraph 17, these paragraphs suggest the merged or transferee government resulting from the combination may choose to adjust carrying values to bring the accounting principles of the merging entities or transferring operations into alignment. We suggest the elective language be replaced with language similar to “the continuing government should adjust carrying values, as necessary, to bring the accounting principles of the merging entities into alignment.” In paragraph 24, an exception should be made for accounting estimates, which should be reported as described in paragraph 25.

Paragraph 44 – If the acquisition is to occur within the same financial reporting entity (e.g., between a primary government and a discretely presented component unit) and the initial measurement is not finalized by the end of the reporting period in which the acquisition
occurs, how should the entities address any financial reporting inconsistencies that may result from the acquiring government’s recognition of estimated amounts for items when measurement is not final?

We would like to thank the GASB for their efforts in preparing the ED and for the opportunity to respond. Should you require additional information, feel free to call me at 561.799.4164, or email me at manderson@pbgfl.com.

Sincerely,

Mary Anderson-Pickle

Mary Anderson Pickle
FGFOA President