GOVERNMENT FINANCE OFFICERS ASSOCIATION OF TEXAS

October 23, 2013

Director of Technical and Research Activities
Governmental Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116
RE: Project No. 26-5P & 3-20E

The Financial Reporting and Regulatory Response Committee of the Government Finance Officers Association of Texas (“GFOAT”) would like to take this opportunity to respond to GASB’s Proposed Statement on concepts related to “Measurement of Elements of Financial Statements” as well as GASB’s Preliminary Views on major issues related to “Fair Value Measurement and Application.” The GFOAT is an affiliate of the national Government Finance Officers Association (“GFOA”) and the Texas Municipal League. The GFOAT’s over 1,000 members represent all levels of state and local government in Texas. Additionally, GFOAT membership represents associates from the audit profession, the investment community, the underwriting community, and a variety of other private-sector finance professionals.

GFOAT would like to compliment GASB, believing that both documents were well thought out and written in a way that makes it easy to understand the direction that will be used in both the Concepts Statement and the Standard envisioned as part of the Preliminary Views document. Because the documents are related, we have chosen to provide our feedback in a combined format.

GFOAT objects to the timing of the release of the documents, believing that the Concepts Statement should have been fully deliberated and vetted prior to beginning work on a Preliminary Views document that builds on the proposed concepts. By releasing both documents simultaneously, GASB has given the impression that it will not follow its full due diligence in regards to the concepts statement, since it is already incorporating these concepts into another document. This could have the impact of discouraging interested parties in providing feedback on either document.

GFOAT questions the disclosure information that is contemplated in the Preliminary Views document. While some of these disclosures may make sense for governmental pension systems or local government investment pools, GFOAT recognizes that many local governments have strong limitations on investments that are based in state laws, meaning that adding these disclosures will provide little additional relevance while potentially decreasing timeliness. Also, GFOAT questions whether these additional disclosures will be understandable to the citizenry and oversight bodies that are primary users of financial statements, or will only have merit for
the academic community. Governmental financial statements already contain a level of complexity that is difficult for citizenry and oversight bodies, and GFOAT believes that the new disclosures will only increase that complexity.

Again, GFOAT thanks you for the opportunity to provide feedback on these important accounting issues.

Respectfully:

(submitted via email)

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