

**FLORIDA GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.**

*Since* 1937

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**2017-2018**

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December 19, 2017

David Bean, Director of Research and Technical Activities

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Via email: director@gasb.org

Re: Project No. 36

Dear Mr. Bean:

On behalf of the Florida Government Finance Officers Association (FGFOA), we are pleased to respond to the GASB Invitation to Comment on the Exposure Draft Project No. 36, *Accounting and Financial Reporting for Majority Equity Interests, an amendment of GASB Statement No. 14* (ED). These comments were prepared based on a review by the FGFOA members, its Technical Resources Committee, and the Board of Directors.

In light of GASB statements issued after GASB No. 14, *The Financial Reporting Entity* and GASB No. 61, *The Financial Reporting Entity: Omnibus* we find the guidance offered in this ED appropriate and concur with the clarifications and additional guidance provided for reporting majority equity interests in legally separate entities.

Particularly, we find that establishing a priority for reporting a majority equity interest in a legally separate entity, by first determining whether it meets the definition of an investment, will result in more consistent reporting.

When a majority equity interest does not meet the definition of an investment and a component unit is reported, we concur with carrying forward the requirement that an asset still be presented in the fund that holds the equity interest when the component unit is discretely presented, and eliminating the asset and net position when the component unit is blended.

We agree with the proposed reporting of a component unit’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources in accordance with the provisions of Statement No. 69, *Government Combinations and Disposals of Government Operations,* when the primary government acquires a 100% equity interest. However, additional clarification regarding the accounting for the net effect of applying acquisition value would be helpful. Paragraph B13 of the ED indicates that the net effect of applying the acquisition value should not be reported in the statement of changes in net position, and that the change in ownership effectively terminates the pre-acquisition entity and creates a new, separate entity for accounting and financial reporting purposes. Does this then constitute a change in reporting entity which would require restatement of financial statements of all prior periods presented?

We would like to thank the GASB for its efforts in preparing the ED and for the opportunity to respond. Feel free to contact me at (321) 239-1015 or Linda.howard@fmpa.com.

Sincerely,



Linda Howard, CPA, CGFO, CPFO

President