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Via email: director@gasb.org

Re: Project No. 24-16g, *Proposed Implementation Guide of the Governmental Standards Board – Implementation Guidance Update – 2023*

On behalf of the Florida Government Finance Officers Association (FGFOA), we are pleased to respond to the revised GASB Exposure Draft (ED) on Project No. 24-16g, *Proposed Implementation Guide of the Governmental Standards Board – Implementation Guidance Update – 2023*. The comments below were prepared based on a review by the FGFOA members, its Technical Resources Committee, and the Board of Directors.

We generally concur with the guidance offered in the Exposure Draft and are of the opinion that it will prove to be helpful to establish consistent accounting and financial reporting standards for Government Financial Statements. However, we offer the following items for your consideration:

Question 4.2 – Short-Term Leases. The second sentence of the response reads, “At the commencement of the lease, the lease term is 36 months, and the maximum possible term is 48 months.” As the evaluation of the maximum possible term is made prior to determining the lease term in the application of the guidance of Statement No. 87, we suggest this sentence be reorganized to refer to the maximum possible term prior to the reference to the lease term. Alternatively, the response could be reworded to indicate that the exercise of the extension period has no impact on the maximum possible lease term, which was 48 months at the commencement of the lease.

Further, the response feels incomplete in that it only addresses whether the exercise of the renewal period results in a change to the maximum possible term. The response, as it is currently proposed, does not clearly indicate whether remeasurement of the lease liability is required pursuant to paragraph 27 of

Statement No. 87 given the remaining non-cancellable period is 12 months, nor does it address the accounting treatment of the additional 12-month extension period. We respectfully suggest expanding the response to include the appropriate accounting, along with the authoritative reference, of the 12-month extension period that was not included in the lease term at the commencement of the lease.

Question 4.4 – Lessee Recognition and Measurement for Leases Other Than Short-Term Leases and Contracts That Transfer Ownership. The actual accounting for this transaction is unclear, specifically whether the accrual of the interest liability will be additive to the lease liability or a separate liability and how this “interest liability” will be recognized as payments are made. The response would benefit greatly with the presentation of illustrative sample entries for the transaction(s) needed to correctly account for the lease in question.

Question 4.7 – Statement No. 96, Subscription-Based Information Technology Arrangements. Either the question or the response should clarify this is a distinction between an indefinite license term SBITA and a perpetual license. Distinguishing the transaction in question as an indefinite license term SBITA would assist the users of the Implementation Guide in further understanding the response.

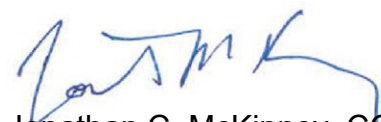
Question 4.8 – Statement No. 96, Subscription-Based Information Technology Arrangements. The response to this question would benefit by including the treatment of any payments made prior to the completion of the initial implementation stage or reference to other guidance that addresses that question.

Further, the response should be expanded to include guidance on the potential impact to the accounting of the transaction if the implementation stage is not completed as planned in the initial agreement or reference to other guidance that addresses that question.

Effective Date and Transition. We suggest the guidance for the effective date and transition of this ED be clarified. We propose the guidance be simplified by stating the guidance is effective for fiscal years beginning after June 15, 2023. The guidance could then describe the circumstances in which the implementation of Statement 100 would impact the implementation of Question 4.9.

We thank the GASB for its efforts in preparing the Exposure Draft and for the opportunity to respond. Please feel free to contact me at (386) 506-5710 or jmckinney@port-orange.org regarding the comments above.

Respectfully submitted,



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