



FLORIDA GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.

Since 1937

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August 26, 2015

David Bean, Director of Research and Technical Activities
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Via email: director@gasb.org

Dear Mr. Bean:

The Florida Government Finance Officers Association (FGFOA) is pleased to respond to the Government Accounting Standard Board's (GASB) Invitation to Comment on the Exposure Draft related to Accounting and Financial Reporting for Certain External Investment Pools (ED). These comments were prepared based on a review by the FGFOA members, its Technical Resources Committee, and the Board of Directors.

We agree that the proposed changes are needed in light of the significant amendments made by the Securities and Exchange Commission (SEC) to Rule 2a7 that addresses regulations for money market funds. Many external investment pools that operate as 2a7-like pools and wish to continue measuring their investments at amortized costs and transact with their participants at a stable net asset value would be significantly impacted. Perhaps the external investment pools would be unable to comply with the GASB standards if they continued to be tied to SEC Rule 2a7.

The ED outlines clear criteria that must be met by external investment pools in order to qualify for amortized cost reporting, including the following in summary:

- The pool must transact with its participants at a stable net asset value per share;
- The pool must meet certain portfolio maturity requirements that would be consistent with a stable net asset value per share;
- The pool must meet certain portfolio quality requirements to ensure investments present minimal credit risks;
- The pool must meet certain portfolio diversification requirements to ensure that it holds no more than 5 percent of its total assets in investments of any one issuer (excluding securities of the U.S. government, including its agencies and instrumentalities);
- The pool must meet certain portfolio liquidity requirements to ensure it holds liquid assets sufficient to meet reasonably foreseeable redemptions; and
- The pool must meet the shadow price requirements of calculating the fair value of its total investments at a minimum of a monthly basis and the shadow price comparison should not deviate by more than one half of one percent from the net asset value per share calculated at amortized cost.

As participants in qualifying external investment pools that measure their investments at amortized cost for financial reporting purposes, we agree that pools must provide in the notes to their financial statements information concerning the presence of any limitations or restrictions on withdrawals, such as notice periods, maximum transaction amounts, and the pool's authority to impose liquidity fees or redemption gates.

In summary, we support the GASB exposure draft, Accounting and Financial Reporting for Certain External Investment Pools.

In light of the upcoming changes in SEC Rule 2a7 and this ED, we feel it is necessary for us to gain an understanding of how this will impact the external investment pools in which we currently invest. These pools will need to decide whether they will remain 2a7-like pools considering the revised SEC Rule effective April 2016, or elect to meet the criteria outlined in the ED for pools to measure their investments at amortized cost. Depending on the decision, they will likely need to make changes to their policies that may impact our ability to continue to invest in the pools.

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 (407) 836-5719 or barry.skinner@occompt.com.

Sincerely,



Barry Skinner, CPA, CGFO, CPFO
President