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Wendy M. Comes, Executive Director
Federal Accounting Standards Advisory Board
Mailstop 6K17V
441 G Street NW, Suite 6814
Washington, DC 20548

VIA Email Sent to: comesw@fasab.gov.

Dear Ms. Comes:

The Accounting Principles and Auditing Standards Committee "the Committee" of the Florida Institute of Certified Public Accountants "(FICPA)" has reviewed and discussed the proposed Statement of Federal Financial Accounting Standards entitled *Reporting Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*.

The Committee has the following comments regarding the specific questions contained in the exposure draft.

<u>Display and Disclosure</u>

Questions # 1-4: The Committee agrees with questions 1 through 4 because it believes the display of gains and losses from changes in assumptions as a separate item on the face of the financial statements is very informative and helps with the evaluation of the agency's actual performance. It also believes the disclosure of market rates for Treasury securities in the notes to the financial statements as a benchmark comparison with the discount rate used by the entity provides transparency for the users. Finally, it believes the division between short- and long-term assumptions is appropriate, as is the exclusion of short-term assumptions in the measurement of expense and liability amounts from the display requirement.

However, in response to question 5, the Committee takes exception to the use of average historical Treasury rates as the most appropriate discount rates for measuring long-term liabilities in the federal government. We believe that the current market rates of Treasury securities at the date of the financial statements would be the most appropriate discount rates to measure these liabilities because current market rates would better reflect the cost of issuing US Treasury securities to extinguish these long-term liabilities at the date of the financial statements. The use of current market rates would also provide more comparability and would be consistent with fair value accounting. But if the Committee were to use the average historical Treasury rates, then it would recommend applying a 5-year average, providing it is consistently followed from year to year, because the 5-year average better reflects current information about the current market rates of the US Treasury securities.

Selecting the Valuation Date

Question # 6: The Committee believes that the valuation date approach is appropriate.

Reasonable Estimate vs. Best Estimate

Question # 7: The Committee believes the approach regarding “reasonable estimate” rather than “best estimate” assumptions in paragraph 31 is appropriate.

Benefits and Costs

Question # 8: The Committee believes that overall this proposal would improve Federal financial reporting and contribute to meeting the Federal financial reporting objectives. It also believes that in providing better disclosure on the face of the financial statements and comparability across agencies, the benefits outweigh the costs.

The Committee appreciates this opportunity to share its views and concerns and to comment on this Exposure Draft. Members of the Committee are available to discuss any questions you may have regarding this communication.

Very truly yours,

Yanick J. Michel, CPA, Chair
FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:
J. Bryant Kirkland III, CPA
William D. Hughes, CPA
Richard Edsall