



Director of Research and Technical Activities
Governmental Accounting Standards Board
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Via e-mail: director@gasb.org

RE: Project No. 3-20, Preliminary Views (PV) on Recognition of Elements of Financial Statements and Measurement Approach

The Governmental Accounting and Auditing Committee (Committee or We) of the California Society of Certified Public Accountants (CalCPA) is grateful for the opportunity to comment on the project referenced above. Our committee is the senior governmental accounting and auditing technical committee of CalCPA representing approximately 38,000 members. In response to the Governmental Accounting Standards Board's (GASB's) Preliminary Views (PV) on Recognition of Elements of Financial Statements and Measurement Approach, we offer the following comments:

I. OVERALL COMMENTS

The Committee appreciates the GASB's effort to take on such an important and difficult process in addressing the inconsistencies in the current accounting and financial reporting framework. There are many components in the PV that tee up issues that certainly need to be addressed. However, in general, our Committee agrees with the points raised in the alternative view, noting that as proposed, the near-term model includes significant inconsistencies in and of itself, potentially, more significant than the inconsistencies in the current model.

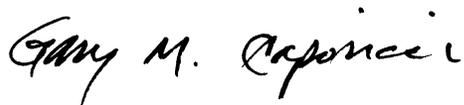
II. RECOMMENDATIONS

If the GASB chooses to continue down the path of replacing the current model with the near-term model, more time should be given to developing a “pure” framework, which allows for little or no inconsistencies. An alternative would be to take the current modified accrual framework and develop stricter definitions for both elements and measurement, in order to address the current real or perceived inconsistencies.

An important overarching issue is that the key users of fund financial statements are management and those charged with governance. This being the case their thoughts and views will be paramount in developing a practical solution. Members in our Committee that are currently practicing in the governmental sector are in agreement with the views presented in this comment letter.

If there are questions about our position or this letter, please feel free to call Gary M. Caporicci at 949-422-1615 or 949-428-3454.

Respectfully submitted for your consideration,



Gary M. Caporicci
Chair, Governmental Accounting and Auditing Committee
California Society of Certified Public Accountants