June 30, 2020

Mr. David R. Bean, Director of Research and Technical Activities
Project No 3-34
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

VIA Email: director@gasb.org

Mr. Bean:

Thank you for allowing me the opportunity to provide comments to the Governmental Accounting Standards Board (GASB/Board) on its Exposure Draft (ED), Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements, an amendment of GASB Concepts Statement No. 3.

The ED establishes the concepts in the proper context of what future note disclosures should mean to financial statement preparer’s and users. The following are some minor comments and suggestions for the Board’s consideration:

1. In paragraph 8 the description of “users” of notes to financial statements could include terms such as “knowledgeable user”, “informed user”, or some other similar language to better describe the level of experience and background that a user should possess. In addition, language should be slightly modified in item (a) “fundamentals of governmental financial reporting” to “fundamentals of governmental accounting, budgeting and financial reporting”. These minor edits could better align the intentions of the Board as more fully described in Appendix B10 and B25.

2. I support paragraph 13, and Appendix B18, with the emphasis of notes to the financial statements should be presented in the aggregate that correspond with the reporting units presented in the financial statements. Currently, there is some divergence in practice where financial statement preparers may present note disclosures at the primary government level with some disclosures of discretely presented component units but may not include all the component unit note disclosures that would correspond with the totals for all reporting units presented.

These comments do not necessarily represent those of the University of Tennessee – Institute for Public Service, County Technical Assistance Service (CTAS), but are my individual views based upon my 36 years of experience in local governmental auditing, accounting and financial reporting.

Sincerely,

John F. Sutton, CPA
Certified County Finance Officer (CCFO) Program Manager II
County Technical Assistance Service (CTAS)