June 30, 2020

Director of Research and Technical Activities  
Project Number 3-34  
Governmental Accounting Standards Board  
401 Merritt 7, P.O. box 5116  
Norwalk CT  06856-5116

Submitted via email to director@gasb.org

To Whom it May Concern:

The State and Local Governmental Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the proposed Concepts Statement, Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements (the ED). The Committee is a technical committee of the FICPA and has reviewed and discussed the proposed Concepts Statement.

The FICPA has more than 19,500 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee has the following comments related to the proposed statement.

Generally, the Committee is in agreement with the concepts proposed in the ED and supports the Board’s efforts to develop better guidance to be used when establishing financial statement note disclosures. Specific comments of the Committee are discussed below.

Paragraph 10

The Committee believes the types of information listed in this paragraph are a significant improvement over the existing guidance in Concept Statement No. 3, Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements (Concepts Statement No. 3). Adding (c) to the list of information that is not appropriate for financial statements is strongly supported by the Committee.

Paragraph 11

The Committee struggled with the concept of essential as provided in paragraph 11 of the ED particularly who would make this decision – management or the Board. After reading paragraphs B15 and B16, it became clear to the Committee this would be the responsibility of the Board. It is the Committee’s recommendation that the Board consider clarifying the language in paragraph 11 of the ED to clearly indicate the Board is responsible for determining if information is essential.
This recommendation is especially important to Committee members who, based on personal experience, do not believe many financial statement preparers, their auditors, and users of government financial statements read Concepts Statements much less the bases for conclusions.

Paragraph 13

The Committee is strongly opposed to extending the scope of note disclosures to include the reporting units rather than the primary government and strongly recommends this be changed to the primary government. This recommendation is based on the belief of the Committee members, which is based on personal experience, that such detailed disclosures would result in governments incurring significant costs to obtain and report such information (and to have it audited). Additionally, the Committee believes there is little incremental benefit to extending note disclosures to reporting units over note disclosures at the primary government level.

We appreciate this opportunity to comment on this proposed Concept Statement and ask that you please consider our suggestions during your deliberations.

Please contact me or FICPA’s Director of Governmental Affairs Justin Thames at justin@ficpa.org

Sincerely,

Catherine (Corinne) Ahrend, CPA
Chair – FICPA State and Local Government Committee

cc: Abby Dupree, FICPA Board Chair
Corrine Ahrend, FICPA State and Local Government Committee Chair