To Whom It May Concern:

We appreciate the opportunity to respond to the exposure draft of the Governmental Accounting Standards Board (the Board) on Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. In general, we support the Board’s decision to revisit this topic and agree with a majority of the guidance. However, the Board may consider the following observations.

We do not believe that the tabular format, established by paragraph 32, should be disclosed by line-item and reporting unit as we do not view that level of disclosure essential to report users. We believe it would add complexity and length to the notes, as well as additional time for preparers to compile the notes which could impact the timeliness of reporting. We recommend the Board reconsider the level of reporting considered to be essential for the users of the financial statements to understand at a high-level the impact of the change or correction on prior period balances.

If the new disclosure requirements remain, we believe the Board should provide more detailed guidance on the requirements of the tabular format described within paragraph 32. For example, in Illustration 1 within Appendix C, all changes and corrections are disclosed at the line-item level; whereas in Illustration 2, all changes and corrections are disclosed only by reporting unit. In addition, the wording associated with the illustrations suggests there are alternate appropriate interpretations that meet the requirements of paragraph 32. As such, we believe preparers and auditors would benefit from more detailed guidance to improve consistency in application.

As a final observation on paragraph 32, there is an unnecessary inconsistency with the requirements of paragraph 36. Paragraph 32 requires preparers to disclose restated beginning balances for changes and errors for the earliest periods affected in the notes to the financial statements, including the effects of changes in accounting principles. Paragraph 36 includes similar requirements to disclose the effects of restatements in required supplementary information (RSI), but excludes the effects of changes in accounting principles in prior periods. Excluding the effects of changes in accounting principles on prior
periods from the RSI is unlikely to have a significant effect on preparation time since the information is already being prepared for the notes, but inconsistencies between the notes and RSI may be confusing for users. Therefore, we believe the guidance should be consistent over what is to be disclosed regarding the effects of changes in accounting principles on prior periods between the notes and RSI.

We appreciate the expanded definitions and guidance regarding the classification of accounting changes and error corrections. However, we believe there is an opportunity to expand on the explanation of an error correction related to an estimate and a change in estimate. Within paragraph 12, we believe additional detail should be included to emphasize that errors made in the calculation of an estimate or in an input to an estimate are not considered a change in estimate but rather an error correction. We believe this additional detailed information will assist financial statement preparers in properly classifying error corrections and changes in estimates.

We appreciate the efforts of the Board and the opportunity to provide our comments. Should you have any questions or need additional information concerning our response, please contact Zach Borgerding or me at (804) 225-3350.

Sincerely,

Auditor of Public Accounts