August 20, 2021

Mr. Alan Skelton  
Director of Research and Technical Activities  
Governmental Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

RE: Exposure Draft – Accounting Changes and Error Corrections  
(Project No. 32-1)

Dear Alan:

On behalf of the New York Government Finance Officers’ Association, Inc. (NYGFOA), the Accounting, Auditing and Financial Reporting Committee, comprised of members with governmental accounting and auditing backgrounds in state and local governments as well as members in academia and public accounting, has reviewed the Exposure Draft (ED) document on Accounting Changes and Error Corrections.

The following are our comments and observations on the survey questions posed related to the ED.

**General**

G.1. In general, we agree with the proposals in the ED.

G.2. See detailed responses for disagreements.

G.3. Yes, we believe the information resulting from the proposed provisions in the ED will be valuable to users.

G.4. We agree that the following proposed provisions would be operable and auditable:

(B33) to combine information where facts to be disclosed are the same for more than one reporting unit, to avoid unnecessary duplication.

(B35) that information presented in the basic financial statements for prior periods should be the same as that presented in required supplementary information (RSI) and supplemental information (SI). For prior reporting periods that are not presented in the basic financial statements, we agree with the Board that changes in accounting principles (including implementation of new pronouncements) should not be restated in RSI or SI. We do think that a footnote disclosure on the RSI or SI schedules could delineate the point in time of the change in principle.
(B42) to allow prospective application of the requirements due to the costs to restate the ten-year RSI or SI currently being reported. We agree that going forward from implementation, that RSI and SI should be restated for error corrections.

Classification

S.2. We agree with the Board’s classifications (1) – (4) and understand that the Board is not currently addressing the first-time adoption of the U.S. GAAP financial reporting framework in this document.

Accounting

S.3. We agree for consistency’s sake that all presented prior years should be reported retroactively by restating the appropriate fund balance or net position. We question the use of the term “fund net position” (paragraphs 16, 17, 19, 23, 25, 26, 27b, 28, 29, 30, 31, 32 and Appendix C - Illustrations). There may be occasions when the net position of a fiduciary fund and a proprietary fund may both need to be restated. The net position that is presented in the government-wide Statement of Net Position for the business-type activities is the same as the net position on the Statement of Net Position – Proprietary Funds for the business-type activities. It is cumbersome and unclear to use fiduciary net position and fund net position for the fiduciary funds and proprietary funds respectively. We recommend, dropping the additional term “fund net position” or consistently use both fiduciary net position and proprietary net position. See comments on S.8.

S.4. We agree because of the uncertainty involved (B8 and B9) that changes in accounting estimates should be reported prospectively.

S.5. We agree that changes to or within the financial reporting entity should be reported by adjusting the beginning balances of the current period.

S.6. We agree that after the implementation of this pronouncement, that going forward when a correction of a previously undetected error in previously issued financial statements should be reported retroactively by restating all prior periods presented.

Display

S.7. We agree that the aggregate amounts of adjustments to or restatements of beginning net position or fund balance, as applicable, should be displayed in the financial statements for each reporting unit. We also believe a reference to the appropriate note disclosure should be made to direct the user to more detailed information.

Notes to Financial Statements

S.8. We agree that a table format may make it easier for the user(s) to follow the changes. Please see our comments on your Illustration 1 in a separate attachment. We feel that the table schedule should reconcile the changes from the governmental funds fund balance total (if no changes were made to opening fund balance) to the government-wide financial Statement of Net Position. If there are changes to the fiduciary funds net position then, those should be presented after the government-wide total net position.

S.9. We agree with the proposed note disclosure requirements.

S.10. See G.4. comments.
Effective Date and Transition

S.11. See general comments.

Other Feedback

O.1. Please see our comments on your Illustration 1 in separate attachment.
  Appendix D Section 2200 will need to be updated to Annual Comprehensive Financial Report when GASB adopts the pending Exposure Draft.

Questions about Using this Feedback Form

U.1. Yes, the option to use this online tool was valuable and did assist in structuring our responses. Yes, we would use it again.

U.2. To quickly determine the agreement with the Board’s positions, it would be time saving to use a check box mechanism signifying agreement or disagreement. Explanations could then be added if the respondent has added comments to make.

This response has been presented to the NYGFOA Board of Governors and approved for submission to GASB. Please direct any questions to Fred Shellard, Director of Professional Services at 518-465-1512, who can answer or direct questions to the appropriate NYGFOA representative.

Sincerely,

John A. Savash II, CPA                     Christopher Reino, CPA

Co-Chairs, NYGFOA Accounting, Auditing and Financial Reporting Committee

cc:     Jennifer Mulligan, CPA, Business Manager, Questar III BOCES
        President, NYGFOA

        Maura K. Ryan, Executive Director
        NYGFOA

Approved by the NYGFOA Accounting, Auditing and Financial Reporting Committee 08/17/2021
Approved by the NYGFOA Board of Governors 08/20/2021
Illustration 1

During fiscal year 20X, changes to or within the financial reporting entity and an error correction resulted in restatements to beginning fund balance, fund net position and net position, as follows (amounts in thousands):

<table>
<thead>
<tr>
<th>Illustration 1</th>
<th>12/31/20X1</th>
<th>Change to or within the Financial Reporting Entity (A)</th>
<th>Change to or within the Financial Reporting Entity (B)</th>
<th>Error Correction</th>
<th>12/31/20X1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As previously reported</td>
<td>$631,607</td>
<td>$100,022</td>
<td>$100,022</td>
<td>$631,607</td>
</tr>
<tr>
<td>Governmental Funds and Activities</td>
<td></td>
<td>490,866</td>
<td>-</td>
<td>-</td>
<td>490,866</td>
</tr>
<tr>
<td>Total Governmental Funds - Fund Balance</td>
<td>773,015</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>773,015</td>
</tr>
<tr>
<td>Government-wide Adjustments</td>
<td></td>
<td>4,334,948</td>
<td>$1,500</td>
<td>$ (2,361)</td>
<td>4,334,087</td>
</tr>
<tr>
<td>Proprietary Funds and Business-Type Activities</td>
<td></td>
<td>3,071,227</td>
<td>3,071,227</td>
<td>3,071,227</td>
<td></td>
</tr>
</tbody>
</table>

(A) Changes to or within the reporting entity resulting from a change in presentation of QRS Foundation from a blended to discretely presented

(B) Changes to or within the reporting entity resulting from a determination that XYZ Foundation met the requirements for inclusion as a discretely presented component unit

(C) Error correction resulting from overstatement of capital assets in prior years.

Disclosures of reclassifications by reporting unit and financial statement line item for all prior periods presented should be below the disclosure of changes to fund balance or net position.