Idaho State Controller’s Office

Comments to GASB regarding Invitation to Comment on Revenue and Expense Recognition

2.1 – Yes, we believe the exchange/non-exchange model would provide a suitable basis for classifying transactions and recognizing revenue and expense. We feel that this is a similar approach to what is currently practiced, and there is less room for misinterpretation when applying this standard since it builds on existing standards. We feel that it would be effective to provide additional guidance for classifying and recognizing exchange and non-exchange transactions, including adding additional clarification on what is considered “equal value”, and clarifying at what point in time revenue should be considered “earned and reportable” for financial reporting purposes.

3.1 – No, we do not believe the performance obligation/no performance obligation model would provide a suitable basis for classifying transactions and recognizing revenue and expense. While we agree with the intent of this model, we feel that it would increase the inconsistency of reporting, rather than providing clarification. We feel that this method will increase the factors that governmental accountants would need to analyze, increase the number of entities needed to contact to establish a specific beneficiary, and would most likely increase the number of disputes over professional judgment and interpretations over bills or programs. We feel that this model would require a great deal of work and cost to implement.

4.1 – No, we do not believe that the alternative model presented as an example in Chapter 4 could provide a suitable basis for classifying transactions and recognizing revenue and expense. Our opinion is based on our responses to questions 2.1 and 3.1 above. We feel that the exchange/non-exchange model very closely follows what is already in place, and we do not agree that it would be an effective use of time and effort to re-invent the wheel with an alternative model.

4.2 – No, we do not believe there is another alternative for distinguishing revenue and expense transactions based on our responses above to questions 2.1, 3.1, and 4.1.

Thank you for the opportunity to comment.