April 27, 2018

Governmental Accounting Standards Board
Director of Research and Technical Activities
Via email: director@gasb.org

Subject: Revenue and Expense Recognition - Project No. 4-61

On behalf of the California State Association of County Auditors, representing all 58 California Counties, we thank you for the opportunity to respond to GASB’s Invitation to Comment (ITC) on Revenue and Expense Recognition (Project No. 4-61).

We have reviewed the ITC and, as preparers of financial statements, we do not have significant issues with the existing standards (GASBS 33 and 34) and the implementation thereof. The existing standards provide sufficient guidance for classifying transactions as non-exchange or exchange. We are not convinced that there needs to be a change.

However, if users of the financial statements have significant questions regarding the classification of non-exchange and exchange transactions, we suggest GASB consider whether additional footnote disclosures are needed and/or whether issuing an Implementation Guide would help ensure consistency or clarity in the financial statements. Introducing new concepts and terminology such as performance obligations, binding arrangements, distinct services, etc., will likely result in additional questions, consistency and comparability issues, etc.

In summary, rather than develop a new comprehensive revenue and expense model, we recommend GASB clarify and expand the existing exchange and non-exchange transaction guidance to address the needs of the users.

We appreciate the opportunity to provide GASB with our comments. If you have any questions or require additional information, please contact me at (805) 788-2964 or jerb@co.slo.ca.us.

Sincerely,

Jim Erb, CPA
Chairperson, Accounting Standards and Procedures Committee
California State Association of County Auditors
Auditor-Controller-Treasurer-Tax Collector, County of San Luis Obispo