

THOMAS P. DiNAPOLI
STATE COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 8, 2019

Mr. David Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
Project No. 3-20
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Bean:

On behalf of the Office of the New York State Comptroller, we are pleased to respond to the Governmental Accounting Standards Board (Board) Preliminary Views (PV), on "*Recognition of Elements of Financial Statements*".

While we generally agree with the intentions of this PV and its focus on improving consistency in financial reporting, we also believe that this could be accomplished through more modest changes to our current approach. Our concerns with this PV relate to the costs and efforts that we would be required to implement and whether they would be justifiable relative to the improvements in reporting. Further, in order to comply with the proposed requirements, business processes would need to be changed for us as preparers and for State agencies that report to us. In addition, staff in our office as well as reporting agencies would need to be trained; and modifications would be required to the statewide financial system and its report configurations. All of these impacts would increase the risk that our financial statements would not be completed in accordance within our statutory deadline of 120 days. In evaluating the need for and scope of these changes, we strongly urge the Board to place a renewed emphasis on the impact on timeliness of the financial statements, and the benefits (if any) the changes produce.

With respect to this PV, we believe the short-term measurement focus in governmental fund accounting would maintain the shorter time perspective of governmental fund reporting and would better align with the majority of state and local governments that budget on an annual basis. In addition, by presenting fund balances at period end, which represent amounts available for spending in the next period, it continues to be useful in evaluating budgetary information. Presenting a hierarchy for recognizing items in the financial statements would also increase consistency in reporting.

We believe additional guidance and clarification should be provided in relation to the identification of short-term and long-term transactions, including what is considered

'normal' for specific classes of transactions and what criteria should be considered when determining when a long-term transaction is 'due' and when a short-term transaction 'occurs'.

We disagree with the alternative view regarding the inclusion of all financial assets expected to be converted to cash or other financial resources within one year and all financial liabilities that mature or are expected to be paid in cash or other financial resources within one year. The alternative view still excludes certain long-term assets and liabilities from its presentation and would only include a small portion of the long-term assets and liabilities which could create a false impression of the completeness of the governmental fund statements. The alternative view regarding the replacement of the concept of 'normally' does make sense in that compared to the preliminary view, it provides a more definitive measure of when a transaction would be considered short-term or long-term thereby more accurately reflecting an individual government's transactions. Lastly, it would avoid an excessive investment of time and effort to create a comprehensive resource outlining what is normal for a class of transactions. Without such a resource, the concept of normal could add to inconsistency in reporting.

Thank you for this opportunity to comment. If you have any questions or require further details, please feel free to contact me at (518) 486-1234.

Sincerely,



Deborah J. Hilson
Director
Bureau of Financial Reporting and
Oil Spill Remediation