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Governmental Accounting Standards Board
401 Merrit 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Project 3-20

To the Board and Staff:

I agree with almost half of this proposed statement and disagree with half. It is important establish consistency and reduce complexity as much as possible, but it is almost impossible to establish comparability between all government entities.

As Stated in Concept Statement No. 1 of the Governmental Accounting Standards Board paragraph 72,

“Users of state and local governmental financial reports are diverse; their needs may be equally diverse. As a result, it may be impossible to provide information in any one report sufficient to meet all the needs of all users. Consequently, the type and amount of information provided in general purpose financial reports generally should be based on the common needs of users.”

I believe this statement here needs to be considered for this proposed change. Is this proposed statement going to solve the current issues within the framework? Although consistency is an important factor, governments are extremely diverse when looked at across the board. Each may have different needs and different regulations making them almost impossible to compare with the system.

I also believe that the hierarchy of recognition is a beneficial aspect of the Exposure Draft. It adds structure to the recognition process and will help eliminate inconsistencies in the long run for accountants.

The following is my comments and suggestions on the Basis for Conclusions:

B20: The of recognition terms such as “normal” create a concern for consistency because what is “normal” differs between different entities.

I agree with this statement. Broad words such as “normal” should be eliminated because interpretations from individuals can cause inconsistencies within reporting. The whole point of this exposure draft is to establish more consistent and standardized reporting.

B22: Using the Short-term financial resource measurement instead of the near term to eliminate inconsistencies.

I agree with this paragraph. I believe using a 1-year recognition period (Instead of a 60-90 day period) is far less complex and more consistent. In my opinion, it is always best to find ways to remove complexity.

B26: “The Board believes that comparisons of budgetary information to financial statement information applying a measurement focus and basis of accounting that is more comparable among governments may aid in identifying differences in budgetary practices and, therefore, provide information useful in understanding a government’s budgetary practices.”

I disagree with statement. The budgets for governments do not all have the same needs and I do not think relationship with budgetary information reflects all the needs governments have. The short-term measurement focus completely ignores the impact of the long-term, when the long-term is crucial for several government’s current and future budget.

B62-64: Better to Take a More Limited Approach to Remediating the Current Model’s Flaws Than to Adopt an Equally or More Seriously Flawed Model.

This to me is the best approach to the Exposure Draft. Both the existing Conceptual Statement and this Exposure Draft have flaws, what is the point of amending the current Conceptual Statement with another flawed model. I think it would serve the accounting community better to simply try and rectify the current model.

Sincerely,

Nicholas A. Piazza