



September 24, 2021

Alan Skelton, CPA
Director of Research and Technical Activities, Project No. 3-34
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Via email to: director@gasb.org

Dear Mr. Skelton:

The Financial Management Standards Board (FMSB) of the Association of Government Accountants (AGA) appreciates the opportunity to provide comments to the Governmental Accounting Standards Board on its exposure draft of a proposed statement titled *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements*.

Question for Respondents

As we shared in our original comment letter, we appreciate the efforts of the Board to provide a clear framework of objectives and principles that can be used in the process of establishing accounting and financial reporting standards for financial statement footnotes. We continue to believe the number of notes in an average government financial statements can be considered voluminous and seem to provide education information rather than the necessary information for the knowledgeable user of the financial statements.

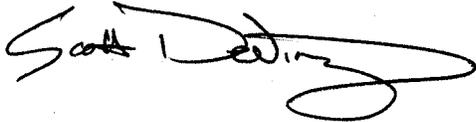
For this reason, we agree with the Board's changes to the original exposure draft in paragraphs 11-13. We believe most users will generally indicate a preference for more information if asked. Adding the characteristic that the information should have a meaningful effect on decision-making analysis will ensure the disclosures are limited to only those that are essential to the reader.

Additional Comments

We are in favor of the Board's changes to paragraph 14 to remove the phrase "at a minimum." However, we remain concerned that this paragraph may lead to unnecessary expansion of disclosures. In paragraph B36, the Board describes that "the phrase was intended to convey that disclosing information that corresponds to each reporting unit presented in the financial statements would be the Board's starting point when developing disclosure requirements." We see this as a major change in practice, since our understanding is that the previous starting point for disclosures has been governmental and business-type activity at the government-wide level.

We share the concerns of other respondents as mentioned in paragraph B38 that such a significant shift in practice might lead to excessively detailed notes that would reduce understandability and increase cost and complexity. Since reporting units can vary widely, we are further concerned that disclosure at the reporting unit level may decrease the comparability of disclosures. General governments can have a large number of reporting units – so much so that reporting units are even combined into “opinion units” for audit purposes. We have not encountered problems in practice with the current level of detail in the notes being insufficient. We therefore recommend the Board continue its current practice of using the government-wide level as a starting point for disclosure.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott DeViney". The signature is fluid and cursive, with a large loop at the end.

Scott DeViney, CPA
Chair, Financial Management Standards Board

cc: Gerry Boaz, CPA, CGFM, CGMA, AGA National President

Association of Government Accountants
Financial Management Standards Board

The FMSB is comprised of the following 20 members with accounting and auditing backgrounds in federal, state, and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. The views of the FMSB do not necessarily represent those of AGA. Local AGA chapters and individual members are also encouraged to comment separately.

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