



February 26, 2021

Director of Research and Technical Activities  
Project Number 3-20  
Governmental Accounting Standards Board  
401 Merritt 7, P.O. box 5116  
Norwalk CT 06856-5116

Submitted via email to [director@gasb.org](mailto:director@gasb.org)

To Whom it May Concern:

The State and Local Governmental Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the Proposed Statement of the Governmental Accounting Standards Board (GASB, the Board) on concepts related to, *Recognition of Elements of Financial Statements* (the ED). The Committee is a technical committee of the FICPA and has reviewed and discussed the proposed Concepts Statement.

Generally, the Committee agrees the concepts proposed in the ED support the Board's efforts to address concepts for recognition of financial statement elements. However, the Committee does not believe the proposed Concepts Statement will improve financial reporting as discussed below. The Committee is in agreement the proposed Concepts Statement will provide a framework for the GASB to maintain consistency in future standards setting.

Paragraph 9 - 11

The Committee does not believe the short-term financial resources measurement focus will improve financial reporting. For example, the Committee believes there is little difference in accounting for transactions on using the short-term measurement focus versus the current financial resources measurement focus. This opinion is based on the illustrative entries included as Appendix C of the GASB Exposure Draft, *Financial Reporting Model Improvements*.

Additionally, the Committee believes use of the accrual basis of accounting for short-term transactions will confuse many users of government financial statements. The Committee recognizes that the modified accrual basis of accounting, while confusing to users of government financial statements, is not misleading.

The Committee believes the recognition of short-term and long-term transactions will require additional time when dealing with non-routine transactions. However, the ultimate conclusion with respect to these transactions may result in the same financial reporting as under the current financial resources measurement focus. Therefore, the Committee does not believe the short-term financial resources measurement focus significantly improves financial reporting and that the nuances associated with the short-term financial resources measurement focus will be lost on many users of government financial statements.

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For these reasons, the Committee would like the Board to consider forgoing the adoption of the short-term financial resources measurement focus and retain the current financial resources measurement focus. This recommendation is especially important to Committee members who, based on personal experience, do not believe many financial statement preparers, their auditors, and users of government financial statements read Concepts Statements much less the bases for conclusions.

### Paragraph 13

The Committee believes the hierarchy of recognition is appropriate. However, the Committee was not able to identify any transaction that would meet the criteria to not be recognized in the financial statements (paragraph 13. D)

We appreciate this opportunity to comment on this proposed Concept Statement and ask that you please consider our suggestions during your deliberations.

Please contact me or FICPA's Director of Governmental Affairs Justin Thames at [justin@ficpa.org](mailto:justin@ficpa.org).

Sincerely,



Catherine (Corinne) Ahrend, CPA  
Chair – FICPA State and Local Government Committee