

February 25, 2021

Director of Research and Technical Activities
Project No. 3-20
director@gasb.org

RE: Recognition of Elements of Financial Statements

Dear GASB:

The views expressed herein are written on behalf of the Professional Standards Committee of the Texas Society of CPAs. The Professional Standards Committee (PSC) has been authorized by the Texas Society of CPAs' Board of Directors to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our comments below on the above-referenced exposure draft.

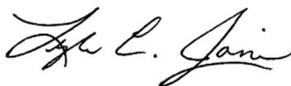
In general, the PSC appreciated the description of what items should be included and when they should be reported. However, the PSC believes that financial statements are primarily for use by the local government and, therefore, should be presented on budgetary basis.

The PSC concurs with the alternative view in the exposure draft concerning budgetary basis reporting. We believe that taxpayers are more concerned with how the entity performed when compared to the budget. Popular Annual Financial Reports and Citizen Centric reports are gaining in popularity due to the increasing unpopularity of complicated CAFRs.

Specifically, the proposal creates an additional classification of assets for depreciable assets that are not depreciated on pages 90-91 of the draft. A question the PSC had is how to report previously depreciated assets that are no longer depreciated. Would the asset in question be reported as a depreciable asset in Other Capital Assets or non-depreciable asset with accumulated depreciation? Additional examples would be appreciated on classification of these types of assets.

We appreciate the opportunity to provide input on this Implementation Guidance.

Sincerely,



Lyle C. Joiner, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants