



August 30, 2021

Mr. Alan Skelton
Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Dear Mr. Skelton:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers, we appreciate the opportunity to respond to the Governmental Accounting Standards Board's Exposure Draft (ED), *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62.

We generally agree with the provisions of the ED and believe the requirements will improve accounting and financial reporting. However, we have the following specific comments that we believe the Board should consider as it finalizes this statement.

Paragraphs 8 and 12

We believe it would be helpful for these paragraphs to elaborate on the differences between *changes in the methodology used in an estimate* and the *correction of an error*. We request that the Board further define or clarify the terms using helpful language from paragraphs B9 and B13.

Paragraph 9.b.

We do not believe that a change in fund presentation from major to nonmajor, or vice versa, should be included within the definition of a change to or within a financial reporting entity, and therefore subject to specific disclosure. Such an occurrence is common, and we do not believe that additional reporting around this is essential to users' understanding of the financial activities of a government. Current standards require identification of major funds in the notes, with further analysis of the activities of the major funds in the MD&A. As major funds are added or removed, we believe existing standards sufficiently address those changes as they occur.

Paragraph 36

We believe the cost of obtaining restated *required supplementary information*, such as for 10-year pension and OPEB information corrected due to an error, will exceed the benefit and will be unduly challenging to obtain from actuaries. We request that the Board consider an alternative such as providing a footnote on the pertinent *RSI* schedule(s) that directs attention to the specific note disclosure related to the error correction, with the footnote further explaining that the *RSI* information for prior years has not been adjusted for the effect of the error correction. Likewise, we do not believe the benefit of restating supplementary information such as 10-year information in the *statistical section* for an error correction justifies the cost of producing the restated data, particularly since this section is not audited. As an alternative to restating prior years, we believe a footnote on the pertinent table in the *statistical section* could explain that information for prior years has not been adjusted for the effect of the correction.



Appendix C – Illustrations

We appreciate the illustrations included in the ED. We believe that providing illustrations is always helpful. In addition to the disclosures required by paragraph 32, other illustrations would be helpful in addressing the disclosures required by paragraphs 18, 22, 24 and 27. We believe that examples illustrating compliance with any new disclosure requirements will result in greater uniformity in applying new standards.

We appreciate the opportunity to provide our comments. Should you have any questions or need additional information regarding our response, please contact Kim O’Ryan of NASACT at (859) 276-1147 or me at (803) 734-2588.

Sincerely,

A handwritten signature in black ink that reads "Richard Eckstrom". The signature is written in a cursive style with a large initial "R".

Richard Eckstrom
President, NASACT
Comptroller General, South Carolina