



Professional Standards Committee Highlights

GASB EXPOSURE DRAFT ON FINANCIAL REPORTING MODEL IMPROVEMENTS



The Governmental Accounting Standards Board (GASB) recently issued an exposure draft that proposes to modify existing accounting and financial reporting requirements related to the application of the short-term financial resources measurement focus and accrual basis of accounting in governmental funds, replacing the existing current financial resources measurement focus and modified accrual basis of accounting. GASB also proposes to modify elements related to the Management Discussion and Analysis (MD&A) part of the financial statements, the presentation of governmental fund financial statements, as well as the presentation of the proprietary fund statement of revenues, expenses and changes in fund net position.

The proposed changes are intended to improve financial reporting by making it more clear that the governmental fund financial statements are presented with a short-term measurement focus, and to differentiate from the long-term perspective of the government-wide financial statements.

The proposed Statement would also require budgetary comparison information be

presented using a single method of communication as Required Supplementary Information (RSI). Governments would be required to present variances between the final budget and actual amounts and variances between the original and final budget. An analysis of significant variances would be required to be presented in the notes to RSI rather than in MD&A.

The Exposure Draft may be downloaded from the GASB's website at www.gasb.org.

The deadline for submitting written comments is February 26, 2021, which may be emailed to director@gasb.org.

If you have questions regarding this topic, contact **Jason Al-Imam, Chair of the Professional Standards Committee** at standards.chair@csmfo.org.

The Professional Standards Committee operates as a technical resource to CSMFO members. The Committee is comprised of municipal and commercial members whose mission is to keep members informed of emerging issues and best practices.

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