



September 14, 2021

Mr. Alan Skelton  
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

Dear Mr. Skelton:

Members of the American Institute of Certified Public Accountants (AICPA) State and Local Government Expert Panel have reviewed the Governmental Accounting Standards Board (GASB) Revised Exposure Draft (ED), *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements* and are pleased to offer our comments.

Overall, we appreciate this effort to enhance the concepts used by the Board when establishing disclosure requirements in financial reporting standards. We support the revised characteristics of essentiality described in paragraph 11 and agree with the Board's conclusion that the three proposed characteristics of essentiality relate to whether and to what extent the information is utilized by a user when making decisions or assessing accountability. Our detailed reasons for supporting this change are based on our belief that:

- The revised characteristics provide clearer and more concise guidance to the Board for determining the benefit of the note disclosures included in the financial statements.
- The addition of the characteristic relating to the impact or extent of users that would utilize the information is crucial in determining the information that should be disclosed.
- The addition of the characteristic relating to the meaningful effect and breadth or depth of users further supports our belief that for information to be useful it should play a meaningful role in users' analyses and be used by either diverse users or a substantial group of users.
- The revised characteristics will minimize note disclosures that provide little or no benefit to users of the financial statements.

\* \* \* \* \*

Mr. Alan Skelton  
September 14, 2021  
Page 2

The AICPA appreciates the opportunity to comment on the ED. This comment letter was prepared by members of the AICPA's State and Local Government Expert Panel and was reviewed by representatives of the Financial Reporting Executive Committee who did not object to its issuance. Representatives of the AICPA would be pleased to discuss these comments with you at your convenience.

Sincerely,



Michelle Watterworth  
Chair  
AICPA State and Local Government  
Expert Panel



Mary M. Foelster  
Senior Director  
AICPA Governmental Auditing and  
Accounting

cc: State and Local Government Expert Panel  
Dan Noll