
Lynne Bajema Testifies on GASB'S Revenue and Expense Recognition.

On April 23, 2018, NASACT provided a joint response with the National Association of State Treasurers to the Revenue and Expense Recognition invitation to comment from the Governmental Accounting Standards Board.

On May 30, during the GASB public hearing on the Revenue and Expense Recognition ITC, Lynne Bajema, Oklahoma state comptroller, provided testimony on behalf of the association. Ms. Bajema is co-chair of NASACT's Committee on Accounting, Reporting and Auditing, and chair of the National Association of State Comptroller's Committee on Accounting and Financial Reporting.

Ms. Bajema testified that the overwhelming majority of NASACT members responding to the ITC agree that the exchange/non-exchange model is the best to classify transactions in a governmental environment. This model is similar to the current approach and will result in less room for misinterpretation when applying the standard since it builds on existing standards. Therefore, it would likely result in a more feasible and consistent implementation across entities.

Ms. Bajema further stated that preparers and auditors are familiar with the exchange/nonexchange terminology and have established processes and procedures for preparing and auditing financial statements using this model.

NASACT does agree that it would be effective to provide additional guidance for classifying and recognizing exchange and nonexchange transactions, including:

- Additional clarification on what is considered equal value;
- Clarifying at what point in time revenue should be considered "earned and reportable" for financial reporting purposes,
- Recognition of certain exchange transactions, one specifically mentioned was multi-year licenses.

Wednesday, May 30, 2018

NASACT

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