

**From:** Killian, Larita J.  
**Sent:** Monday, September 26, 2011 4:17 PM  
**To:** Director - GASB  
**Subject:** Response to: Preliminary Views on Recognizing And Measuring Elements of Financial Statements

I think GASB should put more focus on implementation of standards and be conservative about changing standards. In my state, many (perhaps most) local governments do not comply with GASB 34. Changes to standards make it that much harder for practitioners to understand and apply the standards, so a change should not be implemented unless it is a clear improvement. It is doubtful the proposed changes meet that test.

I agree that the current reporting model is not “pure” and that it contains plenty of inconsistencies for governmental funds; it sometimes requires quite a dance to remain upbeat while discussing these items with students. Students are easily discouraged by the complexities of governmental reporting, and even more discouraged by inconsistencies. But I fear the proposed changes will just replace one set of inconsistencies with another. It is not clear what specific problems you are attempting to solve and how the proposed changes will benefit users.

GASB Statement 54 on fund balance reporting deals with prepaids and inventories; in my view, current standards for presenting these items as “nonspendable” suffice and we should give governments a decent chance to implement GASB 54. I do not believe that the proposed “near term” measurement focus is an improvement for these items. In fact, treating these items as an outflow of resources when would be less representative of economic substance. I believe this less-preferred treatment is now optional, but at least, it is not required.

It appears that under the proposed “near term” focus, short-term borrowed funds would be reported as inflows of resources rather than as liabilities. This seems misleading; funds that must be repaid should not be presented in the same manner as revenues from taxes. Yes, one can turn to the government-wide statements for the full picture, but that is not a reason for the fund statements to present a misleading picture.

I agree with the Alternative View that a consequence of the proposed “near-term” financial resources measurement focus would be to facilitate maneuvers designed to conceal budgetary shortfalls. GASB should be working in the opposite direction.

Thank you for the opportunity to comment.

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