

From: Michael Martin
Sent: Friday, December 09, 2011 6:04 PM
To: Director - GASB
Subject: Financial Projections

The purpose of this email is to provide comments on GASB's Preliminary Views of Financial Projections.

As the preparer of financial statements for Lee County, Mississippi, I disagree with GASB's viewpoint that Financial Projections are essential to financial reporting. In these uncertain economic times, projections of future financial results are more difficult (and less reliable) than ever before. If, as the plain language article describes, users will be informed in a cautionary notice that projections "do not present a forecast or prediction of likely outcomes" and the cautionary notice will also "caution readers that actual future financial results may be significantly different from those reported," what is the purpose of including the projections?

As a preparer, I see two major flaws with GASB's Preliminary Views:

1. Users of a governmental entity's financial statements are likely to rely on the financial projections *despite* the cautionary notice. When future results fail to coincide with the projections, the preparers of the projections will be questioned. Despite a cautionary notice that projections aren't the same as forecasts or predictions, most users will not understand the difference.
2. The preparation of the financial projections will require much effort on the part of preparers at small governmental entities to provide numbers that, again, GASB admits are not "a forecast or prediction of likely outcomes." Many staffs of local governments throughout the United States are already overworked due to understaffing issues caused by current financial conditions. The benefit of providing a set of numbers for a five year period that are really nothing more than a "best guess" doesn't justify the amount of effort that would go into the preparation of the projections.

In summary, I am in total agreement with the two board members who hold the alternate view that reporting financial projections is not essential and financial projections are not appropriate for inclusion in RSI.

Thank you for your consideration.

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