Letter of Comment No. 4
File Reference: 13-3PV
Date Received: 12/14/11

From: Brett Benedict
Sent: Tuesday, December 13, 2011 12:14 PM
To: Director - GASB
Subject: Project No. 13-3

Director of Research and Technical Activities,

Short comments on Project No. 13-3:
After a fairly quick review of the documents available on this project, I have three short comments:

1) This should definitely be phased in but more importantly have a fairly high limit to its application. Our smaller governmental entities have little need for this additional disclosure, especially in consideration of the additional cost of implementation.
2) The reporting of in and out flows on a cash basis and the obligations on an accrual basis could cause some confusion. Take the situation of an entity that has debt obligations accruing but not payable until a later period which will be covered by cash inflows (property taxes, etc.) that will come in in that later period. That current period may look as if there are obligations that the entity cannot cover.
3) This seems to further change or add to the function of these statements. Adding the prospective analysis to what was more of a perspective one. It would seem that most of these concerns are currently being addressed by other services including credit analysis from credit rating agencies and others. I question the necessity of this change of function.

Thanks for considering these comments.

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