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FINANCE DEPARTMENT



March 14, 2012

Governmental Accounting Standards Board  
Mr. David R. Bean, Director of Research and Technical Activities  
Project No. 13-3  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Mr. Bean:

Thank you for this opportunity to respond to the Preliminary Views of the GASB on major issues related to Economic Condition Reporting: Financial Projections.

We concur with the Government Finance Officers Association's public policy statement adopted by the membership June 8, 2010, which states in part that "the GFOA believes that the issue of assessing a government's future fiscal sustainability clearly is beyond the scope of accounting and financial reporting as they have traditionally and universally been understood...and...the GFOA adamantly opposes any effort on the part of the GASB to set standards of reporting for fiscal sustainability." Consequently, we do not believe the proposed requirements presented in the preliminary views document are appropriate for inclusion in the comprehensive annual financial report (CAFR).

We believe a government meets its duty to be accountable through a combination of financial reporting and budgetary reporting. Financial reporting, in the CAFR, focuses on objective, historical data and is only effective if issued in a timely manner. The amount of additional information proposed to be included as required supplementary information in the CAFR would hinder most governments' efforts to issue the CAFR in a timely manner.

Furthermore, the budget document is better suited to subjective data and projections. The budget document already offers multi-year projections of revenues and expenditures; therefore, there is no need to duplicate that information in the CAFR. We concur with the suggestion offered by the two dissenting members of the GASB that governments be required to indicate in the CAFR where to obtain a copy of the subsequent year's budget, which, they point out "...is not a projection but instead an operational plan that has been subjected to a public process for adoption and to which the governmental entity is committed."

Finally, we believe it would be more appropriate for the GASB to focus its attention on historical trend data, already provided in the statistical section of the CAFR, rather than on projected data. Projected data invite erroneous conclusions because they exclude the possibility of a government responding appropriately to changing circumstances. Historical data, on the other hand, clearly demonstrate whether a government has, in fact, been able to make appropriate adjustments for changing circumstances in the past.

Sincerely,  
Government Finance Officers Association of Connecticut

Michael P. Walsh, GFOA-CT President and Director of Finance, Town of East Hartford, CT

Cc: Ann Harter, Vice President, Finance Director, Town of Newington, CT  
Anthony Genovese, Second Vice President, Director of Finance, Town of Woodbridge, CT  
Salvatore M. Pandolfo, Treasurer, Director of Finance, Town of Groton, CT