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March 16, 2012

Director of Research and Technical Activities Project No. 13-3 Governmental Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

Via E-mail director@gasb.org

SUBJECT: PRELIMINARY VIEWS ECONOMIC CONDITION REPORTING: FINANCIAL PROJECTIONS

I appreciate the opportunity to respond to the preliminary views referenced above as Auditor-Controller of the County of Ventura, California. I have reviewed and considered the preliminary views and offer the following comments.

While I agree that information to assess a government's fiscal sustainability is important, I do not believe the Comprehensive Annual Financial Report (CAFR) is the appropriate document for financial projections. The current data presented in the CAFR is meant to provide historic, measurable information. Identifying and measuring the results of past transactions or events is essential to accounting and financial reporting. Including projections is comingling two very different types of data and will add undue complexity and risk, diminishing the overall usefulness of the CAFR.

In addition, economic condition reporting relies on prospective economic assumptions. The expertise for those assumptions resides outside the accounting and financial reporting function and requires coordination with other internal and external parties. Those parties may oppose or distort disclosure of future cash flows to preserve litigation strategies or preserve policy options. Pursuing this standard is likely to degrade both the relevance and reliability of comprehensive annual financial report because of the opposing perspectives.

I do, however, support the adoption of the alternate view for economic condition reporting as presented in the preliminary views. Although I have not responded to the individual questions posed, should economic condition reporting be adopted, I disagree with the view of using the cash basis of accounting for projecting inflows and outflows and believe that five years would be the maximum period that an agency would want to use for financial projections. If you have any questions regarding these comments, I can be reached at (805) 654-3151 or at christine.cohen@ventura.org.

Sincerely.

Christine L. Cohen Auditor-Controller