

7. We do not agree with the Board's preliminary view that all governmental entities should be required to report financial projections and related narrative discussions. In this case, we do agree with the Alternative View that the question of the cost-benefit relationship for some governmental entities in reporting financial projections and related narrative discussions should be further assessed. This requirement will likely cost jurisdictions more staff time and financial resources to implement. Particularly for smaller jurisdictions with more limited staff and funding for auditors to review the material, this may be difficult to put in place. Some jurisdictions, even larger ones, are already challenged to get out their statements in a timely manner, and this requirement may have the unintended consequence of making them come out even later. We recommend that you consider this requirement very carefully.
8. Should fiscal sustainability reporting be required, we agree that a phased-in implementation period would be appropriate. We believe that the type of phase-in period should be decided after the determination of what government entities should be required to report. The example provided that governmental entities over a certain dollar threshold would implement first is sound.

In addition, we have some comments for GASB to consider that are outside of the questions for respondents provided in the preliminary views, which are as follows:

- ✓ In Chapter 2, pages 5-6 the definition of economic condition and fiscal sustainability includes both the "*ability* and *willingness* to meet its obligations". The Preliminary Views address *ability* when determining projections; however, it does not address *willingness*. Chapter 3, paragraph 32, discusses that the "projection of a governments' willingness is difficult, if not impractical". Nevertheless, the definition in Chapter 2, paragraph 4 is clear that in order to assess economic condition, users need information regarding both *ability* and *willingness*. We feel that without addressing both, the information will not be as complete, even if it is a difficult task. At the very least, willingness should be addressed in the narrative.
- ✓ In Chapter 2, page 6-7, the definition of the further explanatory language of fiscal sustainability should include the aspect of *vulnerability*. *Vulnerability* is the extent to which an entity is fiscally dependent upon funding sources outside its control. In addition, we believe the definition provided in paragraph 8, on page 6, should read, "...government's ability and willingness to generate or seek inflows of resources..." It seems that some entities when they have reliance on others for resources might not be able to generate enough resources to cover their short falls; however, they may be able to seek other avenues for those resources. For example, a local parks program may not generate enough resources to maintain all their parks; however, certain grants may be available to help compensate those shortfalls.

- ✓ In Chapter 5, paragraphs 18-20, the preliminary views refers to the primary governments facing the reporting requirement, and not having to include projections on discretely presented component units. This information seems a little confusing in comparison to the rest of the preliminary views information when the document refers to “all governments”. We suggest that be clarified. For example, should a semi-independent agency be required to report on fiscal sustainability? If the requirement reads “all governments” it seems like they would have to, but if it read “all primary” then they would not.

We appreciate the opportunity to respond to this preliminary view.

Respectfully Submitted,

A handwritten signature in black ink, reading "Kristine Adams-Wannberg". The signature is written in a cursive, flowing style.

Kristine Adams-Wannberg
Chair, Professional Issues Committee