



To: GASB Director Bean

Subject: Comment on Project No. 3-25

Dear Director Bean:

I am concerned about the direction GASB is moving regarding the Financial Reporting Model Improvement (Project 3-25), and would like to offer feedback. I represent a medium to large sized school district in Iowa. I've worked in both the public and the private sector, and I am concerned about the true transparency of the reporting model.

The constituency interested in the District's audited financial statements are primarily our board and taxpayers; however, the current financial statement format and the proposed ones as well, are extremely opaque and provide little understanding regarding the financial condition of the District. Several taxpayers contacted my office completely confused regarding the audit report, and the current Management Discussion and Analysis format offered little insight into the District's financial condition.

While I understand financial statement disclosure is primarily designed for more sophisticated users such as bond holders or bankers, our citizens have a right to know the financial condition of their school district without reviewing a 70+ report and coming away with more questions than answers.

GASB is correct in trying to improve financial statement disclosure but I believe there can be a middle ground. Please consider the following ideas regarding this project:

- Modify the rules surrounding the format and what is included in the Management Discussion and Analysis. Allowed to do so, I could author a more explanatory report regarding the District's financial condition for the general public than currently allowed.
- Add a Statement of Short-Term Financial Resources Flow as a footnote requirement or secondary financial disclosure.
- Ensure full accrual accounting is maintained in reporting.
- Develop a more simplified disclosure for the taxpayers and board members who are not sophisticated regarding accounting disclosures.
- Add required disclosures for state specific and mandated financial metrics. As an example, the state of Iowa has a concept called Unspent Authority for school districts, which is arguably the most important financial metric district boards and management must consider when preparing an annual budget.
- It is my opinion Government-Wide disclosures are not useful for the board or taxpayers. Concepts such as deferred inflows and outflows are not easily explainable and do not produce transparent

insight in the financial condition of the organization as much as fund accounting and related disclosures.

- The certified annual budget required by the state of Iowa is essentially a compliance document to establish property tax levy rates for the subsequent year. The budget is prepared 3-5 months prior to the start of the year and requires several modifications during the fiscal year as situations warrant (i.e. changes in grant funding, state funding modifications, development of new educational programs, etc.). Allowing at least one amendment of the original budget disclosed in the RSI (with accompanying comments) will provide the taxpayers a better insight into changes during the year.

Sincerely,

Dean E. Wilson  
Chief Financial Officer  
Council Bluffs Community School District